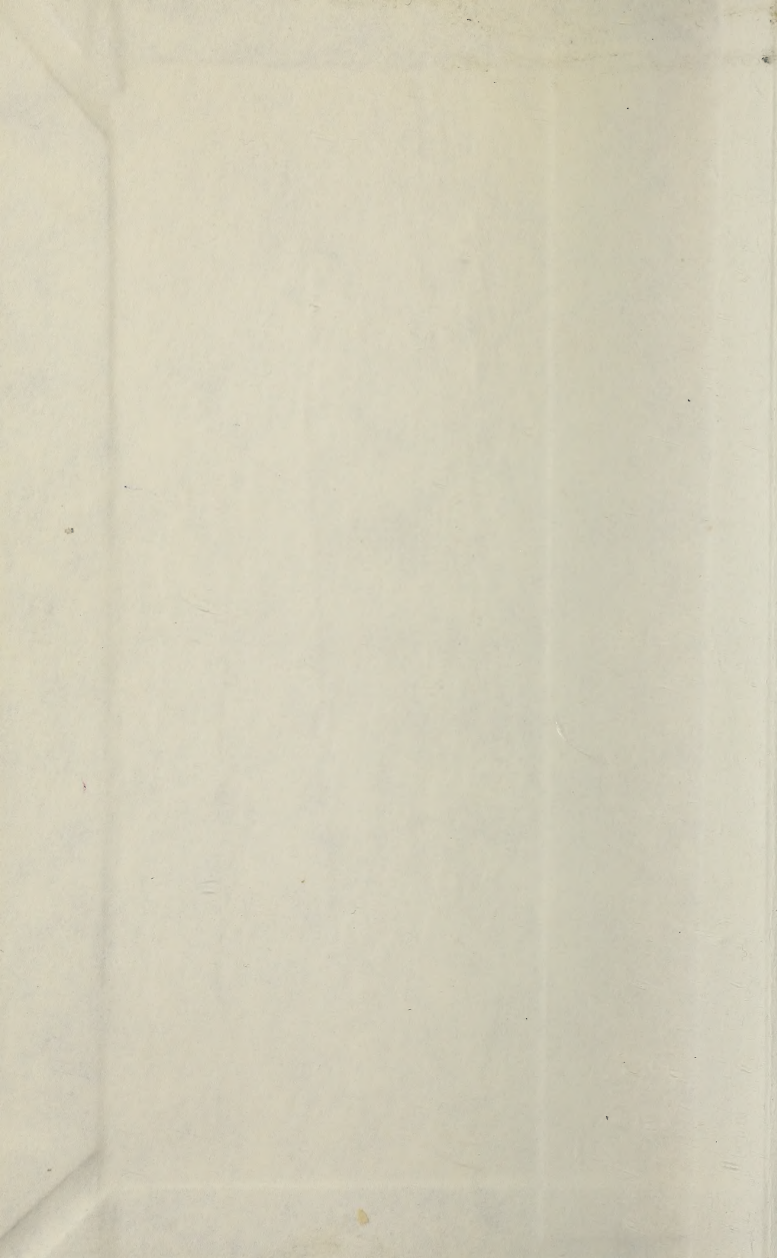
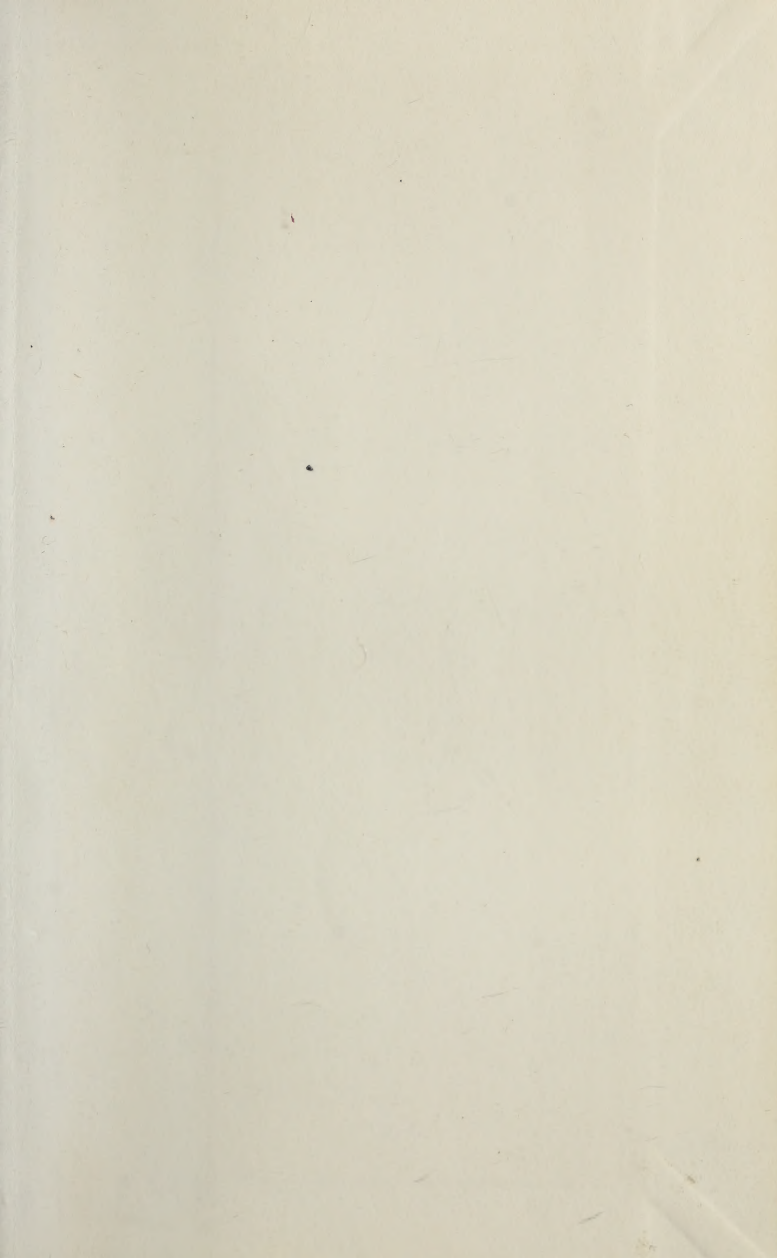





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THE REVOLT IN CANADA
AGAINST THE NEW FEUDALISM

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THE REVOLT IN CANADA

AGAINST THE NEW FEUDALISM

Tariff History from the Revision of 1907
to the Uprising of the West in 1910

BY

EDWARD PORRITT

Sometime London Editor of the *Manchester Examiner*, Author of
"The Englishman at Home," "The Unreformed House of
Commons," and "Sixty Years of Protection in Canada : Where
Industry Leans on the Politician "

'Of all the many objections to protection, the capital one is this :
that it taints every source of public life in the country in
which it exists."—LORD ROSEBERY, 1903

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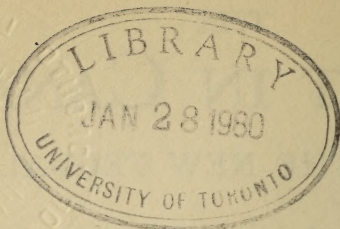
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1911

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"In my own country I have witnessed the insatiable growth of that form of state socialism styled protection, which I believe has done more than any other single cause to foster class legislation and create inequality of fortune, to corrupt public life, to banish men of independent mind and character from the public councils, to lower the tone of national representation, blunt public conscience, create false standards in the popular mind, to familiarise it with reliance on state aid and guardianship in private affairs, divorce ethics from politics, and place politics upon the low level of a mercenary scramble."

THOMAS F. BAYARD, United States Minister
in London, 1893-1897, at Edinburgh, November 7, 1895.

"When the law compels me to contribute my just quota to the support of the Government, that is taxation; but when it compels me to contribute to the support of private enterprise, that is robbery."

Platform of the Patrons of Industry,
Brandon, Manitoba, 1892.

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This work is published by the Cobden Club. The Committee of the Club do not, however, hold themselves responsible for all the expressions of opinion contained in the book.

TO THE MEN AND WOMEN OF
THE PRAIRIE PROVINCES

who in the last thirty years have added the fair expanse of country between the Great Lakes and the Rocky Mountains to the area of service and of civilisation within the Dominion of Canada, to the men and women who, like George Hearst, "plain, honest man and good miner," are taking their wealth from the earth, and, in taking it, "filch from no man's store and lessen no man's opportunity,"

THIS BOOK IS DEDICATED

PREFACE

FOR thirty years I have been a student of the working and history of representative institutions, and it has been my fortune to have had exceptional opportunities for this life-long study in England, the United States and Canada. I approach the study from the standpoint of a strong and convinced believer in democracy. If it should be objected that in these pages, as in my earlier book on protection in Canada, there is some plain speaking—some description of political conditions as I have found them—I should like it kept in mind that I write in the strong conviction that better conditions for all classes have followed the extension of democracy in England and in the British oversea Dominions.

Democracy in Canada could be more untrammelled than democracy in England or in the United States. There is no constitutional barrier to democracy in Canada. There is no House of Lords, and Canada has no such rigid constitution as the United States. Nowhere in the English-speaking world might democracy have had a freer field than in the Dominion of Canada. But, as the history of the last hundred years abundantly shows, special and peculiar perils attend democracy in all new and developing countries. Many social and economic advantages there undoubtedly are in a new country that has never had to wrest its political, economic, and social freedom from the Old Feudalism. But a developing country, with most men intent on their own material and social advance, grasping

eagerly the opportunities that a new country offers, and giving little continuous heed to politics, affords a magnificent field for the uprearing of the New Feudalism. Such a New Feudalism has imposed itself on the United States; such a New Feudalism has imposed itself to an equal if not to a greater degree on Canada; and it is with the popular uprising against the New Feudalism in the Dominion of Canada that these pages are concerned.

E. P.

HARTFORD, CONN., U.S.A.

November, 1910.

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THE REVOLT IN CANADA AGAINST THE NEW FEUDALISM

CHAPTER I

THE CAPTURE OF THE LIBERAL PARTY BY THE NEW FEUDALISM

"If a public man avows certain principles, agitates those principles and seeks to overthrow a Government to establish those principles, and when he attains power laughs at his professions and casts his principles to the winds, he is aiming a blow at political morality."—GEORGE BROWN, Founder of the *Toronto Globe*.

"The most notable tendency of the present time is seen in the growing severance between the Canadian Parliament and the Canadian people."—GOLDWIN SMITH, March, 1910.

THREE years ago I wrote a history of Protection in the Dominion of Canada covering the period from 1846 to 1907.* I began with the year in which all the British North American provinces—Ontario, Quebec, Nova Scotia, New Brunswick, Prince Edward Island and Newfoundland—as a result of the adoption of Free Trade by Great Britain secured their complete fiscal freedom. The story was carried down to 1907, when for the second time the National Policy tariff of 1879, enacted by the late Sir John A. Macdonald and the Conservatives, was tenderly and sympathetically revised and extended by the Laurier or Liberal Government that had come into power at the Dominion general election of 1896. In this history I traced the beginnings of the movement for protection at Hamilton, Ontario, in 1847; detailed

* "Sixty Years of Protection in Canada." Macmillan & Co., 1908.

the circumstances under which the United Provinces of Ontario and Quebec were first committed to a protective policy by the Galt tariff of 1858; and showed how the policy of 1858 was enlarged into the National Policy of 1879 by Sir John A. Macdonald and the Conservatives who were continuously in power at Ottawa from 1878 to 1896. I also described the persistent and vigorous opposition of the Liberals to every feature of the National Policy during these seventeen years; and showed how Sir Wilfrid Laurier and Sir Richard Cartwright, the leaders of the Liberal party, immediately on their accession to power, betrayed the cause which they had so strenuously and so vehemently advocated. This betrayal took place in 1897, when the Liberal leaders went completely over to the protectionists, carried the Liberal Government and the Liberal party at Ottawa with them, and adopted and greatly extended the National Policy that Sir John A. Macdonald had fastened on the Dominion.

Further in this survey of the tariff history of the Dominion, published in 1907, I told the story of the beginning of preferences for Great Britain, first embodied in the tariff of 1897, and I traced the many and considerable whittlings down of the preferences which, at the instigation of Canadian manufacturers who objected to British competition, were effected in 1904 and again at the revision of the tariff in 1907. The agitation which led to the revision of 1907 was also described. It began in 1902 with the Canadian Manufacturers' Association—the only high tariff organisation in the Dominion. It was pressed with much persistence until 1904, when the Laurier Government, on the eve of a general election, easily capitulated. At the revision of 1907, as I showed in my earlier contribution to the tariff history of the Dominion, there was scarcely a manufacturer wh

is not adequately rewarded for the persistence of Canadian Manufacturers' Association in pressing Government for more protection. There were many inroads on the British preference in response to this pressure. Protective duties of scores of manufacturers were increased, and in other instances the duties on raw materials were reduced without any adequate corresponding reduction in the duties on products of these manufacturers.

Moreover, in 1907 the bounty policy, originated by Sir John A. Macdonald and the Conservatives in 1873, and adopted and enormously extended by the Liberal Government between 1897 and 1907, was continued for another term of four years, and, in a word, the revision of 1907 constituted nearly as great a triumph for all the protected interests in the Dominion as the abandonment of the principles of the Liberal party in regard to the tariff and bounties in 1897. Finally, in my history of protection from 1850 to 1907 I sought to show how the protected and special interests—what Sir Wilfrid Laurier, their champion since 1897, has recently described as "vested interests" which must be safeguarded—were able to secure easy and complete control of Parliament and Government at Ottawa. I traced how this control was acquired in 1896-7, how it has since been maintained, and I showed how hopeless in 1907—at the time I wrote—seemed the position of millions of the people of Canada who derived no advantage from protection, but who were compelled to carry its burdens and submit to the statutory exactions of the great trusts and combines which owed their monopoly and their unchecked power of extortion to the control of Parliament, of the Government, of the party organisation and machinery, and of the daily pressure by the privileged interests which constitute the new Feudalism in Canada.

With the Conservative party avowedly protectionist and always eager to increase protective duties and with the official Liberals also committed to protection, and since 1897 continuously making a fiscal system of increasing advantage to the protected interests, Parliamentary institutions and the party system on the tariff and bounty questions broke down by 1907 completely broken down. Until 1896 the New Feudalism had possession only of the Conservative party. By 1906 it was in control of both political parties, and from 1897 it had in the Laurier Cabinet a Government that was always ready to do its bidding. From 1879 to 1896 every proposal to increase a protective duty or re-enact a bounty law was strongly opposed by the Liberal minority in the House of Commons. Every such proposal by Conservative and National Policy Governments was also vigorously opposed on the platform in the constituencies from Cape Breton to Vancouver Island by Liberal speakers. All these proposals, and National Policy in its entirety, were condemned by resolution at Liberal party conventions, and were also condemned by the daily newspapers in all the large cities which in those days supported the Liberal party. During those seventeen years, when a Conservative Government made a concession to the privileged interests, it knew that it must confront the resolute opposition of Sir Richard Cartwright, Wilfrid Laurier, and the Liberal party in the House of Commons. It also knew that political capital would be made out of every such concession at the next general election.

Liberal Governments from 1897 to 1907, as we have shown, had no such fears. No such restraining influences had checked them in making new concessions to the privileged interests. The Conservative Opposition in the House of Commons, which New

1896 has had no policy except that of more protection and less British preference, was always ready to endorse any extension of the statutory privileges of the New Feudalism; and while at first there were Liberals in the House of Commons who bitterly resented the betrayal of 1897, these men were appeased in the usual Ottawa fashion—by appointment to office or the promise of an appointment, or they dropped out in 1900, in disgust at the cynical abandonment in 1897 of all that Liberalism had stood for in Canada from the days of William Lyon Mackenzie to the incoming of the Laurier administration.

In the first year of the Parliament of 1896-1900—the year of the great betrayal—there were objections in the Liberal caucus at Ottawa to the capitulation to the New Feudalism, and in particular to the fulfilment by the Laurier Government of the bargain made with the protected manufacturers of Ontario on the eve of the general election at which, after eighteen years in opposition, the Liberals were returned to power. The general election was on June 23rd. As late in the electoral campaign as June 18th, Sir Wilfrid Laurier, by telegram from Black Lake, Quebec, assured a Liberal candidate at Pictou, Nova Scotia, that the policy to be followed by the Liberals, if they were successful at the polls, was that “laid down in the Liberal platform adopted at the Ottawa convention” of 1893*—the platform that denounced the National Policy, and pledged the Liberals to a tariff for revenue only. But, as is now notorious,† while Liberal candidates in 1896 as late as June 18 were seeking election on the Ottawa programme, a bargain had been made between a manufacturer of Toronto, named Bertram, and other manufacturers there, and

* Cf. House of Commons Debates, April 26, 1909.

† Cf. Letter from Mr. William Wright, Conservative member for Muskoka, Ontario, in the *Sun*, Toronto, Sept. 21, 1910, and editorial in the *Dominion*, Ridgetown, Ontario, Aug. 11, 1910.

men high in the inner councils of the Liberal party. These men, acting for the Liberal party, had given an assurance that Liberal success at the then pending general election should carry no danger to the tariff protection enjoyed by these Toronto manufacturers under Conservative Governments since 1879. Thus, while four or five hundred thousand electors in 1896 were voting with the Liberal party, as they supposed for the sweeping reform of the fiscal system to which the party was pledged by the Ottawa programme of 1893, and by countless speeches of Sir Richard Cartwright and Sir Wilfrid Laurier, the protected manufacturers were looking on with indifference, because they had guarantees from men of the inner councils of the Liberal party that whichever way the election went the National Policy was in no danger.

There were during the earlier months of the Laurier Government of 1896-1900 objections from a few independent members to this betrayal of Liberalism. One of these members was from Lisgar, a Manitoba constituency. He expostulated privately with the Premier on the violation of the pledges of the Liberal party. "Sir Wilfrid slapped him on the shoulder, and quite jovially and in a Mephisto-like manner dismissed the whole question, with the remark: 'Young man, you're too good for this world.' " * Other Liberals of the House of Commons of 1896-1900 who objected to the betrayal, as Mr. Thomas Murray, Liberal member of that Parliament for Pontiac County, Ontario, told a meeting at North Bay, on Sept. 26, 1908, were laughed at by the official Liberals when they urged that the pledges of the Ottawa programme were binding on the Liberal party.†

* "Sir Wilfrid's Tour," *Tribune*, Winnipeg, Sept. 6, 1910.

† Cf. "A Liberal's Recantation," *Witness*, Montreal, Sept. 28, 1908.

As time went on Liberals in the House of Commons—even the leaders of the Liberal party—became openly cynical in regard to the betrayal of 1897. Mr. R. L. Borden, the leader of the Conservative Opposition, on one occasion called Sir Wilfrid Laurier's attention in the House of Commons to the professions of the Liberal party from 1879 to 1896, and their attitude towards the National Policy after they had come into power. "Well," replied the Premier, "we are here, and you are there. What are you going to do about it?" *

In later Parliaments than that of 1896-1900 there were no objectors to the betrayal like the Liberal members for Lisgar and Pontiac. The New Feudalism by 1900 was in easy and secure control of the Liberal Government and the Liberal majority in the House of Commons. In Ottawa its control was undisputed; for a man who could not accept the domination of the New Feudalism and do its bidding need not seek nomination as a Parliamentary candidate at Liberal conventions in the constituencies. It would have been useless for him to make the attempt; for the New Feudalism was in control of the party machinery, and also of all the more important so-called Liberal daily newspapers from Halifax and St. John to Vancouver and Victoria. Moreover, a candidate hostile to the privileged interests could hope for no help from the Government; and without this help, even if he succeeded at the election, there was no career for him either at Ottawa or in his constituency. Under conditions as they developed at Ottawa between 1897 and 1907 there was really no place in the House of Commons for an independent Liberal member. A member who has been accepted as candidate by a Liberal associa-

* Speech by Mr. R. L. Borden, at Westmount, Montreal, Oct. 15, 1908.

tion, and who thus owes his election to a local Liberal organisation, must act in caucus with the Liberals at Ottawa, and support the Laurier Government at every critical division in the House of Commons. Otherwise he is soon reduced to a nonentity in Parliament and rendered of no account in his constituency.

Ten resolute independent Liberals, with a leader such as Sir Richard Cartwright was from 1878 to 1896, might not have been able to prevent the betrayal of 1897. Holding together, however, they might have prevented some at least of the many concessions to the privileged interests from 1897 to 1907. In particular an independent group, with a leader of such prominence in Parliament and in the constituencies that the newspapers would have been compelled to report his utterances, might certainly have prevented the inroads on the British preference of 1904 and 1907, and the re-enactment of the bounty laws that accompanied the last revision of the tariff.

Opportunity for organising such an independent group was offered in the first two sessions of the Parliament of 1896-1900. The opportunity was not taken by the few members who at that time were ridiculed by their Liberal colleagues for having dreamed that the speeches of Sir Richard Cartwright and Sir Wilfrid Laurier in opposition were sincere, and laughed at for their conviction that the Liberal party was bound by the pledges of the Ottawa programme.

After 1900 conditions at Ottawa and in the local associations of the Liberal party in the constituencies afforded no opportunity for organising an independent group which should be loyal to the Liberalism of 1879-1896. The position of an independent Liberal was untenable if not impossible; and so with no opposition as regards protection from the

Conservatives, and with the Liberals in office more protectionist than the Conservatives had been from 1879 to 1896, the Parliamentary institutions and the party system of the Dominion by 1907 had completely broken down. One of the last utterances of Mr. Goldwin Smith on Canadian politics emphasised these new conditions at Ottawa. "The most notable tendency of the present time," he said, within three months of his death in June, 1910, "is seen in the growing severance between the Canadian Parliament and the Canadian people." *

As will be manifest when I come to quote in subsequent pages the speeches of the representatives of the grain growers to Sir Wilfrid Laurier during his journey through Manitoba, Saskatchewan, and Alberta in the summer of 1910, the Government at Ottawa has been in ignorance of the opinions and convictions and desires of the larger part of the electorate. After the election of 1896 it cannot be claimed that general elections afforded any test of the political leanings of the people of Canada, for the reason that on the issue that touches every home in the Dominion there was no real difference between the Parliamentary candidates of the two political parties. On the great issues of the day members ceased to represent the views of their constituents; so much so that no student of contemporary Canadian politics, standing apart from both parties, and unconnected with the New Feudalism, will deny that the gap between the Government at Ottawa and the people of Canada since 1897 has been as great and as obvious as was the gap between the people of England and the Government in the last half century of the unreformed House of Commons. Students of Canadian history must also make another admission. The gap is as great as that which existed, in the era

* *Sun*, Toronto, March 23, 1910.

before the rebellions of 1837, between the Family Compact and the unenfranchised people of Ontario, who at that time were agitating for electoral and other much-needed and long-overdue constitutional reforms. It needed the rebellions in Quebec and Ontario to bring the Government in Downing Street to the aid of the opponents of the Family Compact rule. Gradually after 1837 democracy in Canada became established with even larger powers than democracy in England; but for all practical purposes the power of democracy was for the time being vanquished by the betrayal of 1896, when Parliamentary institutions and the party system broke down as regards any real representative service to the people of the Dominion.*

To hold the allegiance of the Liberals in the constituencies there was developed between 1897 and 1907 a movement originating at Ottawa for deceiving people into a belief that Canada was under a fiscal system quite different from that for which Conservative Governments were responsible from 1879 to 1896. Additions to the free list and reductions in duties—mostly on raw materials and rarely of advantage to consumers—as well as increases in revenue from receipts at the customs houses, were pointed to by Liberal leaders, by Liberal members of the rank and

* "The cold truth is that the grain growers of the West and their Ontario allies are engaged not merely in an economic struggle. They are embarking on an effort to re-establish the proper functions of representative institutions for the people of Canada and to renovate the whole system of national life. The root of the evil lies largely in our economic system. It corrupts our political system, our political system corrupts and degrades the public administration, and the corroding influence extends to the social system and business life till the disease permeates the whole community. Every thinking man realises the existence of gross evils in the body politic, and would fain end them, but sees no feasible method and contents himself with waiting until the trail is blazed. This service the farmers' organisations are purposing to perform for the community at large."—J. A. Stevenson, "The Battle for Democracy in Canada," *Grain Growers' Guide*, Winnipeg, Nov. 2, 1910.

file, and by the Government press, as proof that the Liberal Government had enacted tariffs for revenue only. These, and the surpluses of income over expenditure in the Dominion budget, were persistently cited as proofs that the Liberal Government had reduced the protective duties in the spirit of the Ottawa programme; and it was as persistently and as erroneously affirmed that any protection afforded to Canadian manufacturers by the tariffs of 1897 and 1907 was incidental to the raising of revenue by the Dominion Government.

The lack of any foundation for such claim has, I think, been proved in my earlier contribution to the tariff history of the Dominion. If further and more recent proof be needed, it was forthcoming in Sir Wilfrid Laurier's speeches in the West in July and August, 1910, particularly in the speech at Red Deer,* in which the Premier declared that in any negotiations with the Government of the United States for reciprocity, the "vested interests" of Canadian manufacturers must be safeguarded. Here it is only necessary to reiterate that, except for the British preference of 1897, much reduced in value to Canadian consumers and British exporters by the changes dictated by the Canadian Manufacturers' Association and the iron foundry interests of Londonderry and Three Rivers in 1904 and 1907, there was no breach in the National Policy between 1879 and the completion of the revision of the first Fielding tariff by the House of Commons in the Parliamentary session of 1906-7.

From 1879 to 1896 the National Policy was embodied in only two sets of Acts of Parliament—the tariff Acts of 1879, 1884 and 1894, and the bounty enactments of 1883, 1886 and 1892. Between 1897 and 1907 under Liberal administrations, National

* Cf. *Globe*, Toronto, Aug. 12, 1910.

Policy enactments assumed the proportions and dignity of a code. There were two tariff Acts, and six or seven bounty enactments under which largesse direct from the Dominion Treasury was bestowed on the iron and steel industry, on the manufacturers of binder twine, and on the lead and petroleum industries. As a result of these bounty laws of 1897, 1899, 1901, 1903 and 1907, sixteen and a half million dollars were between 1897 and the end of 1910 bestowed on iron and steel companies in Nova Scotia, Quebec and Ontario. Comparatively little of this largesse accrued to shareholders in these companies. Employees at the plants received only the market rates for their labour. Canadian consumers enjoyed no advantage in the price of the product. By far the greater part of the sixteen and a half million dollars accrued to three or four small groups of promoters, with headquarters at Boston, Massachusetts, at Halifax, Nova Scotia, at Montreal and at Hamilton. These exploiters of the iron and steel industry and of the National Policy of the Laurier Government, when they floated the Nova Scotia, Quebec and Ontario iron and steel companies, regarded the bounties and tariff protection as personal to themselves, and capitalised them as assured income.

In addition to the tariff and bounty enactments, there were of the National Policy code of the Liberal Government from 1896 to 1907 the "made in Canada" amendment to the Railway Subsidies Act of 1900, the Dominion patent law of 1903, and the anti-dumping enactments of 1904 and 1907. Every one of these enactments embodies an extension of the National Policy of the Conservatives as this policy was developed from 1879 to 1896. So also did the revision of the postal convention with the United States in 1908. The convention was amended in order that the rates might be increased on American

Newspapers and magazines. Higher postal rates on these publications were urged by members of the Canadian Manufacturers' Association at Windsor, Quebec and Fredericton—in particular by the manufacturers of hydraulic pumps and of shoes—on the ground that American trade newspapers and magazines carried the advertisements of American manufacturers and diverted business from Canada to the United States.* The increase in the postal rates on these publications was as much a concession to the protected interests—as much a part of the movement to corral Canadian consumers for Canadian manufacturers and for the trusts and combines in the Dominion—as the increase in the duties on British woollens in 1904, or the increase in the rates on tombstones from Aberdeen and cast-iron water-pipe from Glasgow at the revision of the preferential tariff in 1907.

Nor does the National Policy code of the Liberal Government quite exhaust the advantages that have accrued to the protected interests from governmental action at Ottawa since the last Conservative Government was defeated at the general election of 1896. The administration of the customs department has repeatedly been keyed up in the interest of protection at the instigation of the Canadian Manufacturers' Association,† whose claim is that “in all matters pertaining to the administration of the customs tariff the interests of the customs department and of the Canadian Manufacturers' Association should be identical, and that both should be anxious for the proper appraisal of imported goods, and uniformity in the tariff classification of these imports.”‡

* Cf. “The Reasons for Exclusion,” *Sun*, Toronto, March 4, 1908; House of Commons Debates, Feb. 26 and May 22, 1908.

† Cf. Reports of the Standing Committees of the Canadian Manufacturers' Association, Montreal, 1908, p. 72; *Industrial Canada*, October, 1909, p. 271; Reports of Standing Committees, Vancouver, 1910, pp. 41, 48.

‡ *Industrial Canada*, October, 1909, p. 271.

These many and various extensions of the National Policy since 1897—bounty enactments, the “*m* in Canada” clauses in railway Acts, the anti-dumping enactments, the changes in the postal convention with the United States, and the extra stringent administration of the customs department in the interest of protection—all these extensions of the original National Policy of the Conservatives, as well as the many curtailments of the British preference in 1904 and 1907—were systematically ignored by the Liberal leaders, by Liberal members of the House of Commons, and by all the Government newspapers.

With but two or three exceptions the daily newspapers that from 1879 to 1896 supported Sir Wilfrid Laurier, Sir Richard Cartwright and the Liberals then in opposition in their long and unremitting attack on the National Policy, became organs of the Liberal Government after 1896. Every one of these newspapers is an organ of the subservient type*—

* “It lies within the power of the government at Ottawa to do more for its newspaper supporters than is possible for any other government in the Anglo-Saxon world. The Dominion government uses printing ink lavishly. It has an enormous amount of advertising patronage in its bestowal—official notices, advertising for the Inter-colonial Railway, the Department of Agriculture, and, above all, for the Immigration Department; and, moreover, the government printing house at Ottawa can handle only part of the work required for the government. Practically all this advertising and printing goes to the newspapers whose proprietors support the Liberal party. Nor is this all the government largesse that finds its way to those newspaper proprietors; for there is a remarkable connection in Canada between the control of Liberal newspapers and directorships in companies which derive enormous advantage from the iron and steel bounties, from the protective duties in the interest of the Nova Scotia coal mines, and from the high duties on iron and steel and on other products of industrial plants. Cabinet positions and senatorships have also a frequent connection with the control of newspapers, and generally in Canada it is quite worth while for a capitalist who is interested in industries on which the government bestows largesse to include a daily newspaper or two among his enterprises. It is not necessary that he should know anything about newspaper production. It is not even necessary that the capitalist should be over-careful that his newspaper venture quite pays for itself over the counter. In meal or in malt, provided he stands well with the government, he is almost certain to get an equivalent

refine type of newspaper that is one of the greatest dangers that confronts democracy, and impedes the progress of popular political education so essential in democracy. They are all organs because all of them are tied to the fortunes of the Laurier Government for advantages of one kind or another that the Government has bestowed, not on their editors, but on wealthy exploiters of Canadian industry or politicians who own and control these subservient newspapers.

One of these organs will occasionally show a little independence by criticising the Government. But never by any chance in the most independent of them does there appear so much as a paragraph on the editorial pages that might jeopardise a Liberal vote at an election. Every one of these Government newspapers—and there is at least one in every large city from Halifax to Victoria*—had its part in the long-maintained and adroitly managed campaign to delude the people of Canada into the belief that the protective system developed by the Liberal Government between 1897 and 1907 was less burdensome and conceded fewer privileges to the protected interests than the National Policy which was developed by the Conservatives from 1879 to 1896.

The numerous protected interests, while they realised that the campaign of deception was necessary for any financial loss that his newspaper may entail upon him; and when it has served his ends and he is tired of it, some other capitalist-politician is almost sure to be ready to take it off his hands."—Edward Porritt, "The Value of Political Editorials," *Atlantic Monthly*, January, 1910.

* "The ownership of newspapers in Canada has become a side line with politicians and capitalists, and it is to suit the views of these people that the wells of truth have become defiled. The freedom of the press is a myth, and, with the exception of a few bright examples, in Canada the freedom of the press is gone completely. If the control of the Canadian newspapers could be placed in the hands of the journalists, and published for the public welfare, there would be a revolution in Canada inside of five years, and special privilege would be wiped out."—*Grain Growers' Guide*, Winnipeg, Oct. 12, 1910.

sary to the game of politics that the Liberals were playing, were quite conscious that there was no foundation for the claim that the National Policy of 1897-1907 was less protective or less comprehensive than the policy of Sir John A. Macdonald and the Conservatives. Among themselves, and particularly in the conclaves of the Canadian Manufacturers' Association, the protected interests congratulated themselves that the Laurier Government capitulated to them in 1897, and was steadfast to its new allies at the revision of the tariff in 1907. To use the phraseology of American political conventions, the Canadian Manufacturers' Association, after the revision of 1907, "pointed with pride" to their triumphs with the Liberal Government, and rejoiced in the then obvious fact "that the Liberal party who, when in opposition, declared that protection was 'unsound in principle and unjust to the masses of the people,' are to-day the defenders of a tariff based upon the very doctrine which formerly and in sincerity they denounced."*

Conservative members of the House of Commons since 1897, like the Canadian Manufacturers' Association, have been under no misapprehension as to the protective policy and measures of the Laurier Government. They were never deceived by the reiterated assertions of Liberal speakers in Parliament and in the constituencies and of the Government press that the tariffs of 1897 and 1907 were for revenue with incidental protection. "The work of Sir John A. Macdonald and his followers," said Mr. R. L. Borden, in a speech in Ontario, in the summer of 1910, "has never received a greater tribute than in the fact that the present Government has never dared to lay unholy hands upon the National Policy."†

* Reports of the Standing Committees of the Canadian Manufacturers' Association, Montreal, 1908, p. 71.

† Cf. *Tribune*, Winnipeg, Sept. 15, 1910.

CHAPTER II

THE CAMPAIGN OF DECEPTION

"We in Canada pretend that we are living under British institutions. In reality we are not. We are living under the government of an interested class, who find a party in power and keep it there until it becomes too corrupt to be kept any longer; when it seizes upon the other party and proceeds to corrupt it."—DR. ANDREW MACPHAIL, "Essays in Politics," 1909.

"The Liberal party assert as a cardinal principle that in the levying of the public revenue by means of a customs tariff the duties should be imposed simply with the view of collecting the necessary revenue of the country so as to produce a maximum of revenue with a minimum of taxation, and to bear as lightly as possible upon the people."—SIR WILFRID LAURIER, June 1, 1896.

OBVIOUSLY there was no advantage for the Laurier Government in proclaiming to the manufacturers that the tariff of 1897 and 1907 were for revenue with incidental protection. The campaign of deception was aimed at consumers and at Liberals who in 1896 were in ignorance of the Bertram bargain, and honestly believed that they were voting for men who meant what they said when they framed the tariff reform planks in the Ottawa platform, and spoke of protection as Sir Wilfrid Laurier and Sir Richard Cartwright had done from 1879 to 1896. Each member of the Canadian Manufacturers' Association knew what his protection in the tariff had cost him in political wire-pulling and other ways. He was as well informed of what the National Policy of the Laurier Government did for him, of the measure of the statutory power of exaction that his particular schedule in the tariff guaranteed to him, as he was of the condition of his account at his bankers'; and the quotation from the official records of the Canadian Manufacturers' Convention of 1908 shows that

THE REVOLT IN CANADA

members of the Association had abundant reason "point with pride" to the fact that in 1897 and every year thereafter Sir Wilfrid Laurier, Sir Richard Cartwright and the Liberal party turned their backs on every fiscal principle they had professed with unremitting vehemence during the seventeen or eighteen years while the Liberals were in opposition.

In urban Canada there are as yet few proofs that the campaign of deception persisted in by the Government and the tied press from 1897 to 1907, and again since the revision of 1907, has failed of success. But there has been no real opportunity for testing the opinion of the large cities with regard to the betrayal of 1897.

Opportunity for a real test has been lacking since 1896 for two reasons. The first of these is that electors were offered no alternative at the general elections of 1900, 1904 and 1908. Alternative policies were offered at the general elections of 1882, 1887, 1891 and 1896. Then it was possible for a voter to make his choice between a Conservative candidate who was a supporter of the National Policy of Sir John A. Macdonald, and a candidate of the Liberal party, led successively by the late Mr. Alexander Mackenzie, Mr. Edward Blake, and Sir Wilfrid Laurier, which in those years was opposed to the National Policy and pledged to a tariff for revenue only. But at the general elections of 1900, 1904 and 1908, both Conservatives and Liberals were committed to the National Policy; and at these general elections the return of the Conservatives to power, judging by the utterances of leading members of the Opposition in the House of Commons, might have resulted in higher duties in some schedules, and also in curtailments of the British preference. The attitude of the Conservative leaders on the question of

the preference was sufficient in itself to prevent Liberals, sore at the capitulation to the New Feudalism by Sir Wilfrid Laurier and Sir Richard Cartwright in 1897, from giving a vote at these general elections to candidates of the Conservative party.

The attitude of the Conservatives on the question of the British preference certainly prevented their securing any recruits from among Liberals, who, under other conditions, might have been eager to break away from Sir Wilfrid Laurier and the watchdogs of the privileges of the New Feudalism by whom he has been continuously surrounded in his Cabinet ever since he formed his first administration in June, 1896. No Liberal, however disgusted he might have been with the Laurier Government and with official Liberalism at Ottawa, would give a vote at a Parliamentary election that would in any degree endanger the preference.

The preference has now been part of the tariff system of the Dominion for thirteen years. It was at its best from July, 1900, to June, 1904. In those four years the reduction in duties in favour of imports from Great Britain was one-third, and the reduction applied uniformly to all schedules of the tariff except the alcoholic liquor and tobacco schedules.

In these thirteen years—1897-1910—only the Conservative members in the House of Commons and the protected manufacturers of woollens, cottons, ready-made clothing, felt and straw hats, silk ties, paper, iron, steel billets, structural steel, steel rails, tinplate, cast-iron water-pipe, wood screws, stones, pickles, jams, jewellery, and plated ware, tinted soap, and the packers of tea, backed by the Canadian Manufacturers' Association, have assailed the preference. Except by these beneficiaries of the New Feudalism and their guardians on the Govern-

ment and the Opposition benches, the preference is everywhere regarded as a commendable feature of the fiscal policy of the Laurier Government. It has been again and again endorsed by the farmers of Ontario, Manitoba, Saskatchewan and Alberta without regard to party. Among Liberals of the Alexander Mackenzie school in the constituencies, as the Tariff Commission of 1905-6 and Sir Wilfrid Laurier's now historic tour of 1910 both made unmistakably evident, the preference is the only feature in the tariff policy of the Laurier Government since 1897 that needs no defence.

The preference brought a measure of relief to Canadian consumers. This relief, however, has accrued principally to the more well-to-do classes—to those who can afford clothing made of British woollens and cottons, and other articles of personal and household equipment, such as hats, collars, and ties, and linens, silks, lace, blankets, curtains, carpets, clocks, pictures, cutlery, glass and china ware, and household supplies in bottle, tin or jar, which are imported from Great Britain. The preference, commendable as it is as giving relief from the higher duties of the Dominion tariff, is nevertheless class legislation. It gives most relief to those who are best able to carry the burden of the protective tariff. But this favouring of a class is as old as the first National Policy tariff of the Conservatives; for it was the claim of the Conservatives in 1879 that they made a preference for British imports. They discriminated in favour of the United Kingdom and against the United States. They were obliged, it was ^{pig iron,} to charge the same duties on imports, when ^{beef} came from Great Britain or America. But the ^{highest} highest rate of duty was placed on articles ^{imported} imported from the United States and the lowest ^{on} on articles mainly imported from the United K

dom; and this had the effect of favouring British exporters to Canada in competition with Americans.*

As a relief from the burden of National Policy tariffs, the British preference does and can do but little for the wage-earners of Canada. It does little for the men and women in the textile factories, for the day labourers at the iron and steel plants, for the less well-paid men who are engaged in rail and water transport, for the men and women wage-earners in the retail dry goods houses of the cities, for the lumber jacks who go into the woods, for the men in the saw mills, the fishermen of the Maritime Provinces, the miners of Cape Breton and on the mainland of Nova Scotia, the hired men on the farms, or the homesteaders of the prairie provinces. For all these men and women, who, with the exception of the homesteaders, are dependent on a weekly wage, the British preference does little, because after rent and living expenses have been paid, there is only a small margin left for expenditure on such goods as come in under the preference.

Since the sweeping inroad on the preference of 1904, made at the dictation of the woollen section of the Canadian Manufacturers' Association, the preference can have been little more than a name to most of these men and women. It is on these people and on their children that the burden of the New Feudalism in Canada rests with its heaviest load. Their wages admit of the purchase of only Canadian-made goods; and for these they must pay prices enormously enhanced by the statutory power of exportation bestowed on Canadian manufacturers by Conservative and Liberal Governments since 1879. As regards most of the goods they need, they must pay the still further enhanced prices of trusts and combines that could not survive for a week if the

* Cf. Earl of Dunraven, House of Lords, July 17, 1887.

statutory power to extort were withdrawn by the Dominion Parliament.

These conditions—the comparative smallness of the class which can avail itself of the British preference, as it has been narrowed down since 1904, as well as the proximity of Canada to the United States and the similarity in the needs of the people of the two countries—are, it seems to me, often overlooked in England by students of the statistics of trade between Great Britain and Canada and between the United States and Canada. There can be little disappointment to students who are familiar with trade, social and climatic conditions in the three countries, over the statistics of Canadian imports from Great Britain and from the United States since the preference was first enacted in 1897; for there is a large range of goods manufactured in England so unsuitable for Canadian home, social, and economic conditions that it would be vain to attempt to force them on Canada, even at the point of the bayonet. They cannot be made to meet Canadian needs and Canadian conditions.* It is consequently useless to attempt to make a market for them in the Dominion.

The operation of the preference has thus been restricted for four obvious reasons. There was the curtailment of 1904 in the schedules that gave Canadian

* "In the table showing the value of goods entered for consumption last year, the United States comes to the front as the country of origin, Great Britain taking a rather poor second place. Here are the figures:—

United States	...	...	...	...	\$223,501,800
Great Britain	...	...	...	...	95,350,300

A comparison of the above figures with those of the other countries rather nullifies the claim sometimes put out that one country buys from another it cannot expect to sell to it. The fact is the people of a country buy foreign goods where most convenient to get them, and leave the bankers to the matter of adjusting the balances. This, rather than any preference on the part of purchasers, accounts for the still large increase in the amount of United States products into Canada for use."—*Gazette*, Montreal, Oct. 22, 1910.

consumers and British manufacturers their largest advantages. There were the many curtailments in 1907 in schedules which British manufacturers had shown that they could turn to advantage, or had indicated any intention to turn to advantage; there is the fact that only a very limited class of Canadian consumers can avail themselves of the preference as it has stood since 1907; and, finally, there is the proximity of Canada to the United States and the similarity of needs in the two countries which no preference, unaccompanied by radical changes in British manufacturing economy and output, can prevent being of advantage to American manufacturers.*

The idea of a preference for Great Britain did not originate with the Liberal Government in the months that preceded the introduction of the first Fielding tariff in the House of Commons in April, 1897. It had been proposed in Parliament in 1893,† and a preference for Great Britain was objected to by the Liberals when they were in opposition—particularly by Mr. Paterson, Minister of Customs since 1897—as a discrimination against the United States. It was adopted by the Laurier Government as part of the game of politics at the time the official Liberals went over to protection. It was intended partly as a concession to the tariff-for-revenue only Liberals in and out of Parliament—a concession to conciliate Liberals

* “British producers have it in their power to greatly change the trade currents of this country to their own advantage by studying Canadian needs. The American manufacturer is largely saved this trouble because he makes the kind of goods for his home market that Canadians are accustomed to, and he builds a factory in Canada when his Canadian business warrants it. His British competitor must also make the goods that Canadians want, even if he has to change his ways, and he would do well to copy his American competitor’s readiness to make them in this country.”—*Advertiser*, London, Ontario, Oct. 28, 1910.

† Cf. House of Commons Debates, March 16, 1893; Sir Charles Tupper, “The Rise and Progress of Tariff Reform and Mutual Preferential Trade in England and Canada,” *Britannia* (Edinburgh), September, 1909.

who resented the betrayal—and partly to divert popular attention from the betrayal. The curtailments of 1904 and 1907 are proofs that the Liberal Government cares little for the preference as a principle, or even as a measure of relief from the exaction of Canadian manufacturers and of the trusts and combines. When once the Laurier Government had become the avowed guardian of the privileged interests its members ceased to concern themselves over the burdens of the tariff.

The many whittlings down of the preference since 1904 are proof that the Government would at any time rather make an inroad upon the preference than run any risk of antagonising its allies of the privileged interests. With the exception of the knit goods industry, the pickle industry of Ontario, and the blending and tea-packing interests of St. John, no protected interest which since 1900 has openly asked for a curtailment of the British preference has had its plea denied. The preference as part of the political game served the Laurier Government admirably in 1897. My own conviction is that, had there been no preference then, had the Government taken over and re-enacted the National Policy tariff of 1894 just as it stood, with no concessions to Canadian consumers, there might have been an independent movement at Ottawa, soon extending to the constituencies, which before the end of the Parliament of 1896-1900 would have been a serious danger to the Laurier Government at the first general election that followed the betrayal.

The enactment of the preference, and the fact that since 1897 it has been persistently assailed by the Conservatives in the House of Commons, who have taken the ground that there should be no preference for British imports until Great Britain concedes a preference to the Dominion, help to account for the

reduction in the numerical strength of the Conservatives in the House of Commons at the general elections of 1900 and 1904. The Opposition numbered 88 in a House of 210 members after the general election of 1896 that made an end of the Tupper Government. They were 80 in a House of 213 after the election of 1900, and 75 in a House of 214 after that of 1904.

Finally, there was the general election of 1908. Liberal members seeking re-election and new candidates of the Liberal party were then seriously handicapped by two sets of adverse conditions. There was no popular enthusiasm for the type of Liberalism that has been in service at Ottawa since 1897. It has no kinship, near or remote, with the Liberalism of the days of opposition, and only the name survives to associate this official Liberalism with the history and traditions of the Liberal party that met in national convention in 1893. The Ottawa convention was the last convention held. Popular political education, such as the Liberal leaders were continuously engaged in from 1879 to 1896, was impossible after the complete abandonment in 1897 of Liberal principles as regards the tariff, bounties, provincial rights, public lands, railway subsidies, the constitution of the Senate, freedom of members of Parliament, and a free press.

Office holders and office seekers, Government contractors, and merchants and tradesmen on the Ottawa patronage list, lawyers eager for Government retainers, members of the Provincial legislatures and candidates for these legislatures, kept the local organisations of the Liberal party together after 1897. These were the men active in nominating conventions. These were the platform sitters at Liberal meetings. But, except for the campaign of deception on the tariff, popular political education by the Liberal party

came to an end in 1897. With no principles to advocate there could be no appeal except to men who were deriving advantage from existing political conditions. From 1897 torpor and deadness characterised Liberalism all over Canada; and by 1908 there had come on to the electoral rolls a generation of young men who did not even know that principles and convictions had ever counted for anything in the political life of the Dominion. Such of the new voters as were within reach of daily newspapers which attacked the Government, could have no other conception of politics than as a game of graft. To those who read only the Government newspapers, Canada's destinies must have appeared to be in the hands of three or four men of Heaven-bestowed genius for statesmanship, for no praise is too banal or too stupidly fulsome for most of the organs of the Laurier Government.

Democracy in no English-speaking country ever experienced a more disastrous set-back than that which befel democracy in Canada when official Liberalism went over to the New Feudalism. For the official leaders of the Liberal party and nine out of ten of the Liberal daily newspapers in the larger cities democratic political principles were submerged after 1897. Popular education in the aims and principles of Liberalism came to a standstill. The only political activity within the Liberal party was that of men seeking election to the House of Commons, or of men on the hunt for offices, contracts, subsidies, land grants, bounties, and tariff concessions. Political thought was almost stagnant, except in the granges and grain growers' associations, and it might have stagnated completely for any effort that was made by the Liberal leaders to educate the people in the constituencies in Liberal principles. Only the sordid aspects of Dominion politics—corruption at the polls

and the graft and personal scandals of political life that is divorced from political principles—riveted popular attention.

One fact in all this stands out with sombre significance. A generation of men and women, born in Canada, educated in Canadian schools, by Canadian newspapers, and by the social interchange of the home, the street, the market-place and the workshop, has come into the activities of Canadian life since 1897; so have three-quarters of a million of immigrants drawn to Canada by her free lands and her open opportunities. These Canadian men and women, and these immigrants from the old world and from the new, can have no conception that politics—at bottom nothing more nor less than the affairs of the larger home—have any other meaning, aim, or end than personal advantage or graft. These aims have been the only ones in sight since there ceased to be a clear and abiding line between Conservative and Liberal at Ottawa. The only dividing line that the most discerning of the younger generation of Canadian electors can trace at Ottawa now is that the Conservatives are the traditional friends of the Canadian Pacific Railway Company, while the Liberals are the friends and generous patrons—with Government money and Government lands—of the Grand Trunk and the Canadian Northern. All that is to be learned from the political annals of the last thirty years, as Dr. Andrew Macphail has recently pointed out, is that the New Feudalism uses one of the political parties until it becomes too corrupt to be kept any longer in power, and then seizes on the other party "and proceeds to corrupt it." *

Lack of political interest and enthusiasm among the rank and file of the Liberal party in the constituencies all over Canada, due to these conditions,

* Cf. Macphail, "Essays in Politics (1909)," p. 92.

told against Liberal candidates at the general election of 1908. So did the fact that Liberals had then to apologise for, or attempt to explain away, many scandals which had been uncovered at Ottawa between 1904 and 1908. There were scandals in the Department of Marine and Fisheries arising out of contracts and the patronage list prices; in the Department of the Interior, arising out of the North Atlantic Trading Company and land deals; and in the Railway Department, arising out of the purchase of land for the Intercolonial, the Government Railway, that were as squalid as any unearthed at Ottawa since the Canadian Pacific scandal of 1872—the Allan-Macdonald scandal that brought about the downfall of the Conservative Government in 1874, and the incoming of the Liberal administration of 1874-78 under the premiership of Mr. Alexander Mackenzie. Yet, with these conditions so obviously adverse for the Liberals, and with no enthusiasm for the Laurier Government, the Conservative party at the general election of 1908 failed to secure the return of even as many members as they had had in the Parliament of 1896-1900. In the existing Parliament, the eleventh since Confederation, there are only 85 members of the Opposition in a House of 221 members.

In the absence of an independent movement aimed against the old protectionist policy of the Conservatives, and also against the adopted protectionist policy of the Liberals, the electorate—urban and rural—has not since 1896 had an opportunity of registering its opinion. Liberals certainly have had no chance of marking their approval or disapproval of the official carrying over of the Liberal party to the National Policy.

These political conditions, unparalleled so far as I can trace in the party history of any English-speaking

country, explain the absence of any trustworthy data as to the feelings of electors in the large cities that return Liberal members with regard to the tariff policy of the Laurier Government. Consumers in urban Canada, moreover, unlike the farmers and the grain growers in the region between the Ottawa River and the Rocky Mountains, are not organised. They are so unorganised that, except for the protest of the Trades Council at Toronto against any increases in the protective duties—a protest submitted to the Tariff Commission of 1905-6, and later on reiterated by the Dominion Trades and Labour Congress — urban Canada has been inarticulate since the protectionists captured the Liberal Government and the Liberal press thirteen years ago.

For these two reasons—electoral and party conditions which offered no alternative as a test, and the fact that consumers in the cities are unorganised and inarticulate—it is impossible to ascertain how far the campaign of deception, how far the long persisted in movement to delude Canadians into the belief that they are under a different and less burdensome fiscal system than that of the Conservatives, has been successful in the cities. It is, however, obvious that from the first this propaganda has been a complete failure in rural Canada. From the standpoint of the privileged interests, and also from that of the Laurier Government, in rural Canada the campaign to deceive has not proved worth the printing ink that has been lavished upon it by the Government newspapers of St. John, Halifax, Montreal, Ottawa, Hamilton, Toronto, Winnipeg, Edmonton and Vancouver. Rural Canada, and particularly the West, realises acutely the power of the New Feudalism; understands how the power was secured and how maintained; and rural Canada also knows on whom the manifold burdens of the New Feudalism finally rest.

In the Maritime Provinces, in Quebec, and in British Columbia, farmers are not organised. There were consequently no protests from farmers' associations to the Tariff Commission of 1905-6 in these five provinces, although at Montreal, Quebec and Charlottetown, individual farmers appeared before the Commission, and objected to the demands of the Canadian Manufacturers' Association for Dingley rates in the tariff. Farmers and grain growers in Ontario, Manitoba, Saskatchewan and Alberta are, however, well organised in granges, associations and unions—all federated in 1910 in the Canadian Council of Agriculture, which has its headquarters in Toronto. These organisations in 1905 sent their representatives to the Tariff Commission, and they were sufficiently powerful with the Laurier Government to prevent it from implementing Mr. Fielding's pledge of June 7, 1904, to enact a minimum and a maximum tariff, with the maximum tariff applicable to countries "which pursue," to quote the words of the Minister of Finance, "if I may say so, a hostile policy." "I do not mean to say," continued Mr. Fielding, in this speech in which he announced that the Government had given way to the demands of the Canadian Manufacturers' Association for another revision of the tariff, "that these countries have any hostility to us, but that simply in the carrying out of their own affairs they adopt a trade policy which discourages trade with us."*

From 1902 to 1904 the Canadian Manufacturers' Association had been agitating for a Canadian tariff with protective duties on the Dingley level, in retaliation for the Dingley tariff that was enacted at Washington on July 24, 1897. Members of the Association understood Mr. Fielding's maximum a

* Cf. House of Commons Debates, June 7, 1904.

minimum proposals to mean retaliation against the United States, and that there were to be Dingley rates in the new Dominion tariff. They urged these high rates at many of the sessions of the Tariff Commission of 1905-6. But farmers and grain growers of Ontario and the prairie provinces protested strongly against any such concession to the protected interests; and we have it on the authority of Sir Richard Cartwright, Minister of Trade and Commerce, that the well-organised opposition of the farmers made an end to the idea of a minimum and maximum tariff such as was urged by the Canadian Manufacturers' Association, and promised by Mr. Fielding in 1904.*

Following this success of the farmers' organisations in 1905-6 the granges of Ontario impelled the Government in 1910 to substitute for the only once applied law of 1897 against trusts and combines an Act "to provide for the investigation of combines, monopolies, trusts and mergers which may enhance prices or restrict competition to the detriment of consumers." There have been laws in Canada to check trusts since 1889.† How adequately they have safeguarded consumers from extortion will be realised when it is stated that the net result of these laws—one enacted by the Conservatives and the other by the Liberals—was the reduction in 1901 of the duty

* Cf. Sir Richard Cartwright's speech to deputation from Dominion Grange, Ottawa, Feb. 26; *Sun*, Toronto, April 3, 1909. "The scheme which Mr. Fielding had so carefully elaborated in June, 1904, the scheme which raised such exhilarating expectations among the protected manufacturers and the ultra-protectionist politicians at Ottawa, was quietly abandoned by the Government at some time between the session of the Tariff Commission at Toronto, on Nov. 14, 1905, and the introduction of the new tariff on Nov. 29, 1906. It was killed by the steadfast and well-organised opposition of the Dominion Grange, the Ontario Farmers' Association, and Manitoba Grain Growers' Association."—"Sixty Years of Protection in Canada," pp. 431, 432.

on news printing paper from twenty-five to fifteen per cent. *ad valorem*.*

Twenty years' experience with these enactments to prevent extortion under protective duties warrants no expectation that the law of 1910 will be one whit more serviceable than those of 1889 and 1897. But useless as such legislation is at a time when Canadian industrial companies—most of them protected by the tariff—are being merged at the rate of six a month,† it is none the less noteworthy at this crisis in the tariff history of Canada—with the West in revolt against the duties of the Act of 1907—that the law of 1910 was enacted at the instance of the farmers who are organised in the granges of Ontario. Also significant is the fact that chiefly as a result of the agitation of the organised farmers of Ontario and the prairie provinces, the Laurier Government in 1910 determined that there should be no renewal of the enactments bestowing bounties on the iron and steel companies of Nova Scotia, Quebec and Ontario.

Oppressed by the burden of the tariff, goaded by the notorious fact that farmers' equipment made in Ontario is sold in England and Scotland at prices from ten to thirty per cent. less than in Canada.‡ long convinced that no grain growers in the prairie provinces and few farmers anywhere in Canada derive advantage from the National Policy, encouraged also by their successes at Ottawa since 1907, the granges of Ontario and the grain-growers' associations of Manitoba and Saskatchewan and the farmers' unions of Alberta are now in revolt against the New

* Details of the long-drawn-out procedure necessary under the Act of 1897 to effect this relief for Canadian newspaper publishers are given in "Sell's Dictionary of the World's Press," 1907, 120-121.

† *Witness*, Montreal, reported Oct. 4, 1910, 135 companies absorbed in mergers since Jan. 9, 1909.

‡ Cf. "Canadian Grain Growers and the Tariff on Machinery," *Commercial Intelligence*, London, Feb. 28, 1910.

feudalism. A new era in the political history of Canada opened with Sir Wilfrid Laurier's tour of the West in the summer of 1910, when the strength and the widespread character of this revolt was made obvious to the Government and to the people of the Dominion.

THE CANADIAN MANUFACTURERS' ASSOCIATION AND THE BRITISH PREFERENCE.

As an Association of Canadian manufacturers it is our proud boast that we stand first, last, and all the time for the inviolability of the British preference. We maintain, of course, that under all circumstances the minimum tariff should be so framed as to afford adequate protection to legitimate native industry in order that we may the more effectually transfer to Canadian workshops much of the manufactures that we now procure abroad. We recognise, however, that for some of our requirements we must always be dependent on outside sources of supply, and it is with a view to directing this business as largely as may be into imperial channels that we declare ourselves in favour of substantial preference to the Mother Country and to our sister colonies. It is a pleasure to observe that during the past year considerable progress has been made by other portions of the Empire towards placing a preference upon a mutual basis. The recent elections in Great Britain indicate very clearly that tariff reform is making great headway in the Mother Country.—*Presidential Address by MR. JOHN HENDRY, Annual Convention C.M.A., Vancouver, Sept. 20, 1910.*

The adoption of regulations defining the amount of British labour necessary to entitle an article to admission under the preferential Tariff will put a stop to much of the unfair competition to which Canadian manufacturers in past years have been subjected.—*Report of MR. GILBERT M. MURRAY, L.A., Secretary C.M.A., Annual Convention, Vancouver, Sept. 20, 1910.*

The question as to the percentage of labour required to entitle goods to entry under the British Preferential Tariff has been before your Committee for some time. The Honour-
D Fielding, in his Budget speech of the 29th November,

1906, stated "in order that any foreign article may receive the British stamp, may qualify itself to be admitted under the British Preferential Tariff, it must have upon it 25 per cent. of *bonâ fide* British labour without computing the profit as a portion of that labour." The issuing of a regulation in accordance with the policy announced was held in abeyance pending the new French Treaty going into operation.

Your Committee are pleased to report that on the 17th December, 1909, the following regulations were made and established by Order-in-Council :

"From and after the first day of February, 1910, the country of origin in respect of each imported article shall be specified on the margin opposite to such article, or elsewhere on the invoice thereof, when the articles are for entry in Canada under the British Preferential Tariff.

"A certificate of origin, as hereinafter set forth, is prescribed to be written, printed, or stamped on the face or back of all invoices of articles for entry as aforesaid (except raw and refined sugars).

"Such certificate shall be made and signed by the exporter personally, or on his behalf by his manager, chief clerk, or other principal official having knowledge of the facts to be certified to and shall contain the following statement of facts, viz. :

"That each article on this invoice is *bonâ fide* the product or manufacture of a country entitled in Canada to the benefit of the British Preferential Tariff and specified on the invoice as its country of origin, and that each manufactured article on the invoice in its present form, ready for export to Canada has been finished by a substantial amount of labour in such country and not less than one-fourth the cost of production of each such article has been produced through the industry of one or more British countries."

No manufactured article is now entitled to entry at the British preferential rate *unless finished* in a country entitled to the benefits of the British Preferential Tariff and not less than one-fourth the cost of its manufacture has been produced through the industry of one or more British countries. Profits are not considered as part of the cost.—*Report of Tariff Committee, C.M.A., Annual Convention, Vancouver, Sept, 20, 1910.*

Perhaps it is within the knowledge of many of you that sometimes previously the profits were allowed to be considered part of the 25 per cent., the result of which

preference to Great Britain was very badly abused, and we manufacturers had many causes for complaint, but now that has been rectified. I am sure you will all be very pleased.—MR. P. W. ELLIS, *Annual Convention, C.M.A., Vancouver, Sept. 21, 1910.*

Let us protect ourselves in our own way, on a broad, solid, sure and safe basis of practical protection. Let us stick to the British preference and to Imperial Union; let us all work together to secure practical protection throughout the Empire, based on a substantial unity of tariff with a circumstantial variety of rates to be imposed.—MR. W. H. ROWLEY, *President (1910-11) C.M.A., at Convention Banquet, Vancouver, Sept. 22, 1910.*

Sir Robert Perks, Bart., returned to Liverpool on Saturday from Canada. In an interview with our Liverpool correspondent Sir Robert said there seemed to him to be no disposition whatever in the direction of Free Trade except amongst a small section in the Far West. There was unquestionably a disposition to lower the tariff in favour of Great Britain, although he was bound to say that this policy seemed only to apply to manufactured goods which do not come into competition with the Canadian manufacturers.—*Yorkshire Post, Oct. 10, 1910.*

CHAPTER III

MERGERS AND WATER-WAGON FINANCE

"I venture to say that these monopolies that the Government is now aiding to build up will not be easily removed. It will perhaps take more than the verdict of the people of this country to loosen the grip which will fasten on them with a death-like tenacity."—MR. JOHN CHARLTON, Liberal, in the House of Commons, March 18, 1879.

"There is not a manufacturing industry in this country in which there is not an understanding between the men engaged in it by which they regulate the output and fix the prices, and there is virtually no competition. What is the result? The result is that you are paying an enormous tax on what you bring into the country, that goes into the Treasury. The duty that your merchant pays to the customs house officers goes into the Treasury. He adds it to the price of his goods, his profit to that, and it comes out of the pockets of the people. But if you deal with the home manufacturer you pay him the same price as if he had paid duty, when he has not paid anything, and the 35 per cent. goes into his pockets and not into the Treasury at all."—MR. DALTON MCCARTHY, Conservative, in the House of Commons, April 11, 1894.

"By directing into Imperial channels the investments of our people we shall build together east and west and north and south in the world-wide British realm."—Manifesto of the Committee of the Unionist Réveillé, Oct. 18, 1910.

TRUSTS and combinations are nearly as old as the National Policy. They can be traced at least as far back as 1886, and no legislation designed ostensibly to take the sting out of protection has ever succeeded in affording relief from their exactions. The laws of 1889 and 1897 did not prevent a single protected manufacturer from exacting the last cent practicable, and in only one case has the protection of manufactures been reduced because the tariff was being used to extort. Prior to the revision of 1907 it was chiefly by means of secret agreements between manufacturers that prices were so regulated as to end competition. After the revision of 1907 the merger process, of

which the United States Steel Corporation is known the world over as the best example, was introduced into Canada.

Under the older form of combination in service in the Dominion, price regulation went on behind closed doors. The strings were pulled from an office in Montreal or Toronto—chiefly from Toronto—and one shrewd and conscienceless exploiter fixed prices in many lines of trade. He levied a heavy toll on each industry—a toll invariably paid by the consumer—for the use of the hidden organisation that he had built up to enable manufacturers systematically to draw to themselves the last cent that their particular schedules in the tariff afforded them.

The merger in its origin, organisation, and working differs in several particulars from the combine, as was manifest when the methods of forty odd combines were uncovered in detail in the criminal courts at Toronto in the winter of 1905-6. For a merger there must be a promoter, and at one stage of the process there is need of much advertising. The promoter is usually a professional at the business—a man who proceeds from one merger to another. The promoter will tackle any business, from breweries to bakeries, from underwear to cement, that seems to suggest the possibility of merger. It is his object to bring hitherto separately owned and separately managed undertakings in a similar line of industry into consolidation. The owners of each concern take liberal payment for their property in bonds, with preferred and common stock often lavishly thrown in as bonuses.

The promoter then floats the merger as a new company. If it is a more than ordinarily ambitious undertaking, again following the usage of the country that has pushed the merger to its farthest development, it is dignified by the title of corporation.

Whether a company or a corporation, it is usually capitalised enormously in excess of the aggregate sum paid in bonds and stock for the hitherto separate undertakings. Tariff and bounties as well as the local protection that every industry enjoys apart from the tariff, and also municipal and county tax exemptions if there are any, are all capitalised as assured earnings or as factors that can be made to swell profits.

It follows, consequently, that if these water-logged concerns are to have any chance of making port there must be the same use of the tariff for the exploitation of the consumer as there has been since 1886 under the combine method. But in addition the investor is often exploited, and this additional and newer form of exploitation has a political significance that did not attach in anything like the same degree to the combine method. Under the older plan—the plan first devised to ensure that the consumer should not escape tariff exaction—the owners of an industrial undertaking which was of a combine, continued comparatively few in number. Under the merger plan stockholders are necessarily numerous, and when the tariff is assailed these are disposed to range themselves with the New Feudalism, because any reduction in duties must impair the stock market value of their holdings in the mergers which were capitalised on a tariff basis.

The merger, as distinct from the combine and gentlemen's agreement, was almost unknown in Canada before 1907. It is a new development in tariff, industrial, and financial economy, which began just as soon as promoters realised that at the revision of 1907 more protection was given to many industries and that for a few years to come, at any rate, the privileged interests of the New Feudalism were in little danger at Ottawa.

The Canadian Consolidated Rubber Company,

limited, with an authorised capital of \$7,600,000, was announced the day after Mr. Fielding had submitted the revised tariff to the House of Commons on Nov. 11, 1906. The protective duties for this industry are: Rubber boots, 25 per cent.; rubber clothing, hose, mats and packing, 35 per cent.; unenumerated articles of rubber, 27½ per cent. Eighteen months later—June 24, 1908—it was announced from Montreal, where most Canadian mergers are organised by the men whom some Canadian newspapers laud as Napoleons of finance—usually water-wagon finance—that the United States Rubber Company, “which has practically a monopoly of the rubber manufacturing of the United States, had secured a controlling interest in the Canadian Rubber Company, which will give the amalgamation a practical monopoly of the rubber manufacturing trade of Canada.” *

“This,” said the *Globe*, in its editorial columns, “will give a single corporation complete control of the business in both countries. No doubt, after the rubber business has been merged into a single corporation, the American wing will still demand protection against the products of the pauper labour of Canada, while the Canadian wing will demand that its infant industry be protected from the immense capital and superior machinery of its gigantic American rival. The annexation policy of both will scarcely deter them from appealing to the national antipathies of their fellow-citizens when asking that the products of the hated foreigner be excluded.” †

Penmans, Limited, was organised in 1907, with an authorised capital of \$6,000,000—preferred stock, \$1,500,000; common stock, \$2,500,000, and bonds, \$2,000,000. ‡ The capital issued when the shares

* *Globe*, Toronto, June 25, 1908.

† Ibid., July 27, 1908.

‡ Cf. “Canadian Annual Financial Review,” 1908, p. 190.

were listed on the stock exchanges of Montreal and Toronto was: common \$2,140,000, and preferred \$1,075,000; and there had previously been a 5 per cent. bond issue of \$2,000,000. "The preferred," wrote the financial correspondent of the *Globe*, "pays 6 per cent. It is understood that 1 per cent. will be declared on the common. The common was issued at 50, and the preferred at 90." * Penmans are manufacturers of knitted goods, with mills at Paris, Thorold, Port Dover, Almonte and Brantford, Ontario, and at Coaticook and Ste. Hyacinthe, Quebec. Duties on the output of the mills included in the merger are 35 per cent. and 22½ per cent. under the British preference.

The mills now of Penmans, Limited, were in the hands of individual owners in 1905-6, when the Tariff Commission was on its rounds. At Toronto and at Ste. Hyacinthe increased duties against British imports were urged. But in 1904 the Laurier Government had made the first serious inroad on the preference in the interest of the woollen industry of Ontario, Quebec and Nova Scotia; and the only curtailments in the woollen schedule at the revision of 1907 were in respect to cheap blankets and felt.

A significant incident in the history of merger and combines in 1907 was the suspension by the Ontario Government of the embargo on the export of tan bark, at the instance of the lumbermen and settlers in the Parry Sound country. It was first imposed as one of a series of retaliatory measures against the high duties in the lumber schedule of the Dingley Act of 1897. "The lumbermen and settlers," wrote a correspondent of the *Globe*, in reporting the interview with the Minister of Crown Lands of Ontario, "argued that the tanners were enabled, by reason of the embargo, to maintain a

* *Globe*, Toronto, June 1, 1907.

monopoly as to prices,* with the result that bark was only realising \$5 a cord in Ontario, as compared with \$15 a cord in the United States. Buyers from the latter country should, they said, be allowed to come in, and purchase from the lumbermen and settlers. This would result in a competition of prices which would break the alleged monopoly." †

About the same time—April 19, 1907—a Select Committee of the House of Commons at Ottawa reported that a combine existed in the lumber trade in the prairie provinces. "Your Committee are of opinion," read the report, "that prices charged for lumber in the provinces of Manitoba, Alberta and Saskatchewan are excessive. Your Committee find that there has existed for some years past, and still exists, an association known as the Western Retail Lumbermen's Association. This association included all the three provinces until recently, when the dealers of Alberta formed a similar association of their own, called the Alberta Retail Lumbermen's Association. These two associations amount, in the opinion of your Committee, to a combination; and the objects and results of the operations of these two associations have been to unduly enhance prices, as appears from the price lists and bye-laws, minute-books and correspondence, and evidence of witnesses in regard to said operations." ‡

§ The financial panic in New York came in October,

* "The tanner gets practically all his raw material free of duty. For every \$100 worth of manufactured goods the leather manufacturer pays: for material, \$62.57; wages, \$21.40; miscellaneous expenses, such as cost of fuel, heat, interest, municipal and provincial taxes, rent of office, power and work, \$2.54; leaving \$13.49 of profits or surplus. The customs duty enables him to add \$17.50 to this \$100, charging the manufacturer of boots and shoes and harness \$117.50 for what actually costs him in raw material, labour and miscellaneous expenses \$86.51. Be it noticed that he practically pays no duty on his raw material."—"Something About Leather," *Grain Growers' Guide*, Winnipeg, Nov. 2, 1910.

† *Globe*, Toronto, March 1, 1907.

‡ *Ibid.*, April 20, 1907.

1907. Thereafter, until well on in 1908, business in Canada was depressed, and there was for a time stagnation among the promoters and water-wagon financiers of Montreal and Toronto. Just as soon, however, as recovery was in sight, the hunt for industrial undertakings suitable for the merger process was resumed. Two large consolidations were floated as new companies in the autumn of 1908. Henceforward Canadian newspapers, and some English newspapers as well, teemed with advertisements for subscriptions to the issues of bonds and stocks of industrial mergers, and the portraits of the Napoleons of finance stared out from the news pages of the daily journals. Mergers followed each other in such quick succession that between Jan. 1, 1909, and Oct. 4, 1910, 135 companies had been absorbed, and the investing public in Canada and England had been appealed to for about \$200,000,000.*

About this time—even a little earlier—protests and warnings began to be made in the press, notably in the *Telegram* of Toronto,† and the *Witness* of Montreal. An attempt to merge all the flour mills in the Dominion failed in August, 1910; and in commenting on this failure the *Witness* remarked that “in one sense, perhaps, such a merger would have done no harm, for its inevitable effect in the long run would have been to lift the duty off flour—60 cents a barrel—and place it on the free list.” “Why,” asked the *Witness*, “would this have been inevitable? Because those who were exploiting the merger would have insisted upon putting into it millions of dollars of water; and the continued success of the merger would have depended not only on the tariff, but on the power of the merger

* Cf. “Recent Mergers Injurious to Canada’s Name,” *Witness*, Montreal, Oct. 4, 1910.

† “The Merger Era,” *Telegram*, Toronto, Aug. 19, 1910.

to form a monopoly in wheat by means of manipulating freights, rigging the market, and what not."

"Some of the recent manipulators," continued the *Witness*, in a survey of the exploits of the water-wagon financiers since the beginning of 1909, "have made millions out of nothing but 'gall,' and names of bankers, directors and managers appear on the directorates of concerns which are notoriously water-logged.* The song 'Canada for Canadians,' on the part of certain interests, has been used simply to gull the public while it has been having its pocket picked by the chief soloists. This matter is early to be brought up in Parliament by a member who has chapter and verse, names and dates of high financing and financiers which will astonish the people, and lead either to a tariff for revenue only before long or to prosecutions, or perhaps to both. The cry 'Canada for Canadians' means really 'Canada for privileged Canadians,' including 'financial bounders'; and the anxiety expressed to keep the traffic going west to east and *vice versâ*, and not let it escape north — *made* *can* is largely on behalf of these same interests, *Ne* *we* care is further to enrich themselves, and *boiling* *se* whom are impudent enough to express *ts* *os* of William R. Vanderbilt's and Lord Milner's *akin* *life*: 'The public be damned.'"[†]

Even the Canadian Manufacturers' Association by September, 1910, was uneasy over the many mergers of 1908, 1909, and 1910. Its concern was not as to

* "I believe there is a strong and growing feeling in favour of free trade within the Empire, or in favour of tariff for revenue only. This feeling is brought about on account of the system prevailing of giving bonuses in shares to the parties who take up the bonds and preferred shares of joint stock companies. I am decidedly of opinion that the Canadian people will not stand for any length of time for a policy which gives protection to capital which is largely 'water,' and which 'water' is distributed as bonuses."—Mr. Robert Meighen, in *Globe*, Toronto, Oct. 27, 1910.
[†] *Witness*, Montreal, Aug. 10, 1910.

the exploitation of investors—Canadian and British—nor as to the seven millions of consumers in the Dominion so penned in by the tariff that they could not escape exploitation by these combines. The Association was uneasy only as to the effect of the mergers on its numerical strength and its financial resources. It was “the most serious problem” that the committee on membership had had to face between the Hamilton convention in 1909 and the convention in Vancouver in 1910; for one effect of the mergers had been to weaken the membership and to reduce the revenue derived from annual subscriptions.

“While it is true that only three or four of the new mergers have affected the Association’s revenue this year,” reported the committee to the Vancouver convention, “they will make their full influence felt during the next twelve months. To illustrate the effect of this movement, mention might be made of one consolidation which comprised thirteen firms, carrying individual membership in the Association on a \$25 basis, yielding a total revenue of \$325. When the merger was completed the management contented itself with a first and second member for the consolidation at a cost of \$35, all the old members then being cancelled. The loss to the Association having this one consolidation therefore was \$290. During the coming year several other mergers will involve a loss in revenue which your committee conservatively estimates at \$1,000. The full effect of the mergers will be felt next year. If all the mergers now formed and others in process of formation confine themselves to two memberships, which is about all that your committee can safely count on, there will probably be fifty resignations through this cause alone.” *

Except for the revolt of the farmers and grain

* Reports of Committees of the Canadian Manufacturers’ Association, Vancouver, Sept. 20, 21, 22, 1910, pp. 7-9.

towers, made evident by the deputation to Mr. Fielding and Sir Richard Cartwright in February, 1909, and by Sir Wilfrid Laurier's tour of the grain-growing provinces in the summer of 1910, the merging of these scores of industrial undertakings was the most prominent feature in tariff history from the revision of 1907 to the withdrawal of the iron and steel duties at the end of 1910. It is not possible here, nor is it necessary, to take note of all these industrial mergers. Only the mergers of industrial undertakings which have tariff protection will be given any attention, and that chiefly for the purpose of showing the measure of protection that is afforded by the tariff to these aggregations, often organised with a view to control of a market from which for thirty years it has been the aim of Conservative and Liberal Governments to exclude all but Canadian manufacturers.

The first merger in 1908 was of school supplies companies. Three concerns went into the new company, whose factories are at Toronto and Regina, Ontario. It was capitalised at \$140,000, evidently without the aid of an outside promoter.* On desks and other school furniture the tariff rate is 30 per cent. On pads and paper, 35 per cent.

Next came a merger of three companies with soap-boiling works at Winnipeg, Calgary, and Vancouver. Its ostensible purpose was to combat a British soap-making firm that has established itself in Canada.† Soap, it may be recalled, was the first commodity to come prominently into Canadian tariff politics. To safeguard a Montreal manufacturer from British competition specific and *ad valorem* duties were enacted in the Cayley tariff of 1858, and soap has had adequate protection ever since. To-day the rates are, for common soap \$1 a hundred pounds, and 65 cents

* Cf. *Globe*, Toronto, Feb. 28, 1908.

† Ibid., April 2, 1908.

under the British preference; for perfumed soaps 3 per cent. *ad valorem*, and $22\frac{1}{2}$ per cent. under the preference.

New tactics marked the year 1908 with the Consolidated Cannery—an Ontario merger of an earlier date—that packs and distributes tomatoes and corn. In August this consolidation announced a reduction of 30 cents a dozen in its canned products. "This drop," it was explained in the newspapers, "was the result of the activity of the independent canners, who forced the Consolidated Cannery to make their rate three months earlier than they did last year, and also greatly to reduce them." "The efforts of the big packers," it was added, "will be devoted this year to the extermination of independent competition instead of piling up profits." *

"In the case of canned goods" (with a protection of $1\frac{1}{2}$ cents a pound, weight of can or other package to be included in assessing duty), said the *Star* of Toronto, in commenting on the operations of this consolidation, "the addition to the price the consumer is obliged to pay has been much greater than in the case of combines which have obtained more or less complete control of starch, rolled oats, packaged cereals, condensed milk, biscuits, sugar, and various other goods of like class. One line of tomatoes will serve as an illustration. This line of the 1907 pack cost the ordinary retailer $\$1.15\frac{1}{2}$ per dozen. A department store was, by being in a position to take the whole output of one small cannery outside the combine, able to buy the same class of goods at 85 cents. And the independent canner made a profit at that."

"The difference between 85 cents and $\$1.15\frac{1}{2}$," continued the *Star*, "did not, however, all go in the form of illicit profits to be divided between wholesale

* Toronto despatch to *Witness*, Montreal, Aug. 19, 1908.

and manufacturer. Much of it went to pay interest on capital sunk in buying up canning factories and allowing them to stand in idleness in order that a few men might by combination control the entire output of the country. And still up to the present this effort has not been wholly successful. No sooner is one independent canning factory snuffed out than a fresh set of men, tempted by the wide difference between cost and selling price, step in to establish another. When the factory is built, however, the owners soon find that there is no sure way to the place in which their product can be sold save through a wholesale combine, and they conclude that after all it is better to work with the canners' combine which is allied to the wholesale combine than to fight it. The cost of patching up the treaty in the form of exorbitant prices for canned goods is paid by the consumer."*

Although it is anticipating a little, it may be added here that the Canadian Canners' Company, which was formed in 1905 by the merger of 24 factories in Ontario, with a capital of \$2,000,000, was reorganised in April, 1910. It then became the Dominion Canners' Company, with a capital of \$4,000,000, with headquarters at Hamilton. Hitherto independent canning factories to the number of 23 were then brought into the merger, so that 47 factories are now of the Dominion Canners' Company. How the strength that accrued to the company from the merger of 1910 was used can be judged from the fact that prices for the new pack of corn and tomatoes

* *Star*, Toronto, Nov. 11, 1908. The foregoing extract is from one of a series of articles on combines published in the *Star*, Toronto, in the winter of 1908-9. The articles appeared on Oct. 31, Nov. 4, 7, 11, 14, 21, 25 and 28, Dec. 2, 5, 12, 16, 19, 26 and 30, and Jan. 2 and 6. They were written by Mr. W. L. Smith, of Toronto, the foremost authority in Canada on the connection between the combines and the tariff. They form a valuable contribution to the economic history of the Dominion, so much so that it is a matter for regret that the seventeen articles have not been made available in book form.

were advanced to consumers in October, 1910.* The grip of the Cannery Company on the whole of Canada can also be judged from the contract, given as a note at the end of this chapter, which the company compelled wholesalers to accept in October, 1910.

The most important merger of 1908 was that of the Canada Iron Corporation, Limited. It was the first of the mergers in an industry which has received some sixteen and a half million dollars in bounties since 1883, which has been protected against British and American competition in every tariff since 1879, and which has also had more largesse bestowed upon it by the provincial legislatures and by the municipalities of Nova Scotia and Ontario than all the other industries in the Dominion combined. The authorised capital of the Iron Corporation is \$11,000,000—bonds, \$3,000,000; preferred stock, \$3,000,000; and common stock, \$5,000,000. Of this capital, \$680,000 in bonds was taken in exchange, bond for bond, by the holders of bonds in the consolidated companies, and \$2,759,000 in preferred stock and \$4,687,000 in common stock was issued as fully paid to the vendors in consideration of the ore mines, blast furnaces and foundries hitherto owned and operated by the merged companies.†

In addition to ore mines in Ontario, Quebec, New Brunswick and Nova Scotia, there are of the Iron Corporation the historic furnace at Londonderry

* "The retail grocers are protesting against the recent increase in the price of canned goods in view of the fact that the crop of tomatoes and corn was this year the largest on record."—Hamilton correspondence, *Globe*, Toronto, Oct. 8, 1910.

"With a corn crop that has seldom been excelled, and tomatoes all but given away, the announcement comes that the cannery have advanced the price of these products in cans from 25 to 50 per cent. The consumer may well wonder what would have happened had there been a short yield."—*Chronicle*, Quebec, Oct. 11, 1910.

† Cf. Prospectus of Canada Iron Corporation, Limited, Oct. 24, 1908.

the only furnace in Canada built by a British construction company—for the keeping in blast of which bounties were first established in 1883; three charcoal furnaces at Radnor and Drummondville, Quebec, which were on the bounty list for nearly as many years as the coke furnace at Londonderry; and also a modern coke furnace at Midland, Ontario, that went on the bounty list in 1900. Foundries at Hamilton, St. Thomas, Midland and Fort William, Ontario; at Three Rivers and Montreal, and at Londonderry were also included in the merger. At the Fort William, Three Rivers and Londonderry foundries cast-iron water-pipe is made, and it was on the plea of these foundries in 1906, submitted to the Tariff Commission at Three Rivers and Londonderry, that the duty in the British preference was increased from \$5½ to \$6 a ton to safeguard the Canadian cast-iron water-pipe industry from the competition of Glasgow.

The mergers that made the most commotion in 1909, from Halifax to Vancouver, were in the cement industry—an industry which has been protected since 1879, and for which the rates in the Fielding tariff of 1907 are 12½ cents per 100 lb. in the general list and 8 cents in the British preference, the weight of the package to be included in the weight for duty. The first of these mergers was complete by the end of August. Nine Canadian companies and one American, with a plant in Canada, were included, and of the directorate two men were resident in New York and one at Allentown, Pennsylvania. The authorised capital was \$28,500,000 — bonds, \$5,000,000; preferred stock, \$10,000,000; and common stock, \$13,500,000.* This was a Montreal merger. Within a month of its organisation all the Canadian cement companies not then of the Canada

* Cf. *Witness*, Montreal, Sept. 11, 1909.

Cement Company were organised in Toronto as the Portland Cement Company. Nine companies, with plants in Ontario, were of this second merger, which was capitalised at \$10,000,000.*

Even before the second company was ready for business on the new basis, the price of cement was advanced 30 cents a barrel.† It was complained in the House of Commons that the price of cement was increased from \$1 to \$1½ a barrel;‡ and by Oct. 12, 1909, the Canadian Union of Municipalities, an organisation which answers to the Municipal Corporations Association in England, in session at Halifax, was petitioning the Government to reduce the duty on cement, which had been increased by 8 cents a barrel since 1897.§

At this time cement in the United States was selling at the mill at 81 cents a barrel.|| At Winnipeg, in March, 1910, the municipality paid \$2.24 a barrel for a consignment of 25,000 barrels of cement, as compared with \$1.77 a barrel in July, 1909—a month before the first cement merger was organised.¶ “It is only a matter of a little figuring,” said the *Telegram* of Winnipeg—a Conservative morning newspaper—“to find out just how much the city loses in this latest contract over the price paid last July, and just how much of tribute is to be paid by Winnipeg citizens to the cement combine. Cement can be purchased to-day at \$1.05 a barrel at Duluth.** The freight charge to Winnipeg is 70 cents a barrel. The duty on cement imported from the United States is

* Cf. *Globe*, Toronto, Sept. 13, 1909.

† Cf. *Sun*, Toronto, Oct. 6, 1909.

‡ Cf. House of Commons Debates, April 12, 1910.

§ Cf. Halifax despatch to *Witness*, Montreal, Oct. 12, 1909.

|| Statement of *Commercial*, New York, quoted in *Sun*, Toronto, Sept. 28, 1910.

¶ Cf. “Exactions of a Combine,” *Telegram*, Winnipeg, March 3, 1910.

** Duluth, Minnesota, is 379 miles from Winnipeg.

1½ cents a barrel. Thus, with duty and freight added, cement can be bought in Duluth and shipped to Winnipeg at a fraction less than \$2.27 a barrel, or only 3 cents more per barrel than is asked of the tax-payers of Winnipeg in the contract just awarded." "The consumption of cement in Manitoba and Saskatchewan," continued the *Telegram*, "is approximately 400,000 barrels yearly. How much of added profits to the cement combine this advance of 47 cents per barrel means depends wholly on the number of barrels the consumers of the provinces are willing to buy. In any event, the added cost to the tax-payers of Winnipeg amounts to a pretty penny, and will assist in a nice little slice to the combine when melon-cutting ' time comes around."

It has already been stated that the *Telegram* is a journal which supports the Conservative party in Manitoba and Dominion politics. In its comments on the gouging of the city of Winnipeg by the recent merger, the *Telegram's* advocacy of the National Policy of the Conservatives was recalled. "The *Telegram*," it continued, "is a believer in the protective tariff principle, but it enters an emphatic protest against a perversion of that principle that takes life and sustenance to combines of whatever description. If the workings of the tariff schedules in the case of cement offer a fair example, it is safe to assume that the policy of the Canada Cement Company will be followed by other corporations eager to mulct the consumer, and that we shall shortly be paying tribute to trusts that exact the price of their domestic product plus import duty and freightage." "The city of Winnipeg," the *Telegram* added, "is about to dig into its pocket for this additional profit to the cement combine. By the time its people have done a little figuring, and settled with the tax collector, they will have learned a little of the vast difference

between theory and what the late Grover Cleveland once denominated a condition." *

The burden of these exactions of the cement combine on the tax-payers of the city of Winnipeg was also examined in some detail by the *Tribune*, an afternoon daily journal, known for twenty years or more from the Lakes to the Pacific coast as an opponent of the tariff policies of both Liberal and Conservative Governments. "In 1909," said the *Tribune*,† "about 400,000 barrels of cement, roughly speaking, passed through Winnipeg; and about half of this quantity was used in Winnipeg or for Winnipeg works. In view of the inordinate amount of building in the city, and such works as the new bridges and the new power-plant at Point de Bois—which will alone require at least 60,000 or 70,000 barrels—it is more than fair to assume that at least the same quantity will be required by the Winnipeg rate-payers this year—namely, 200,000 barrels. How much more will this amount cost this year than last? At the present time contractors in the city are paying \$2.40 a barrel for the same grade of cement as they were purchasing as low as \$1.80 last year, before merger was formed, which was brought into existence by the high protective tariff—an advance of 60 cents. This means that if this rate is maintained—and there is no reason for supposing anything else—Winnipeg alone will pay \$120,000 more for its cement than last year. At the present time the merger is selling cement at from 10 to 15 cents a barrel less than the price at which it can be brought in from the United States. They have protection at from 51 to 52 cents a barrel, which is prohibitive. A barrel of cement can be sold at the factory anywhere in Ontario, in round figures, at \$1 a barrel. The duty is, therefore,

* *Telegram*, Winnipeg, March 3, 1910.

† April 23, 1910.

over 50 per cent. If the duty were reduced to 30 per cent., which is the average charge on manufactured goods, then it would be possible for the consumers of Manitoba to import their cement from the United States, if the Canadian merger did not make a fair price."

There are at least three men of the directorate of the Canada Cement Company who have grown rich under the National Policy—men whose gains from tariff duties, and in two instances from iron and steel bounties, are as notorious as the betrayal of 1897. These men are prominently of the New Feudalism. They are of the comparatively small group of men who can get practically what they demand when a tariff is being revised. They are of interests against which no Government has dared invoke the anti-trust enactment of 1897; and it has been suggested* that the reason no action was taken to prevent the exactions of the cement merger exposed in the parliamentary session of 1909-10† was that directors of the company were political supporters of the Government.

A gentlemen's agreement was arrived at in March, 1909, by manufacturers of enamel baths, sinks and sanitary fittings.‡ The duties on these were increased, in response to requests from manufacturers at the revision of 1907, from 30 to 35 per cent. Later in the year there was another merger, organised in Montreal, of kindred industries which enjoy the same measure of protection. A company at Port Hope, Ontario, and another company at Amherst, Nova Scotia, were then combined, with an authorised capital of \$2,000,000. The ostensible aim of this consolidation was to permit of specialisation and to

* Cf. "The Cement Combine," *Tribune*, Winnipeg, Aug. 6, 1910.

† Cf. House of Commons Debates, April 12 and 26, 1910.

‡ Cf. *Witness*, Montreal, March 16, 1909.

enable these companies to withstand competition from the United States.* It was on the plea that specialisation had become necessary to Canadian industries that many increases in duties were made in 1907.

The Amalgamated Asbestos Company, with an authorised capital of \$25,000,000, handling a product on which there is a duty of 25 per cent., was organised in Montreal in May, 1909. "The new corporation," said the *Witness*,† "has aroused interest in the public mind, and people are asking what it is and what it is doing. Bonds bearing 5 per cent. interest are authorised to the extent of \$15,000,000, of which \$7,500,000 are needed for future requirements, and \$7,500,000 are to be issued. Preference stock to the amount of \$1,875,000, at the rate of 7 per cent. cumulative, is to be issued, and common stock to the value of \$8,125,000. These are to be listed on the local stock exchange about June 30, the bonds, we understand, at a price of about 88, the preference stock at 85, and the common stock at 18 to 20."

The closing months of 1909 were marked (th) several mergers. Manufacturers of counter check (m) books and merchants' order-books, which are protected by a duty of 35 per cent., were consolidated (ic) in September in a new company capitalised (la) \$1,500,000;‡ and in October there was the first (ir) merger in the carriage-building industry, which also enjoys a protection of 35 per cent., and has special and ample safeguards in tariff administration against undervaluations. Four companies, with factories at Montreal, and at Brockville, Alexandria and Orillia, Ontario, were of this merger, which was capitalised at \$5,000,000.§

October also saw the organisation of the Canadian

* Cf. *Globe*, Toronto, Sept. 13, 1909.

† May 26, 1909.

‡ Cf. *Witness*, Montreal, Sept. 13, 1909.

§ Ibid., Oct. 27, 1909.

Car and Foundry Company, with an authorised capital of \$11,500,000—bonds, preferred and common stock. Three companies went into this merger. The protection for the industry—car building for railway, mining, and construction companies—is 30 per cent.; and the Canadian Manufacturers' Association prides itself on the fact that nowadays few cars are added to the equipment of Canadian railways without payment of the duty. "It was ascertained on investigation," the tariff committee of the association reported to the Vancouver convention in September, 1910, "that railroad corporations in Canada have for several years past brought into the Dominion large numbers of railroad cars without paying duty thereon, being under the impression they were entitled to free entry as cars used in international traffic. Your committee caused representations concerning this matter to be made to the Honourable Minister of Customs, and have been assured that steps will be taken for collection of the proper duty. It is a pleasure to note that since the provisions of the law have been pointed out to these railway corporations large orders for cars have been placed with Canadian car builders which would otherwise have gone to United States car builders, depriving not only car builders in Canada, but manufacturers of the materials entering into the construction of the cars, of enjoying the benefits of these orders."*

The last of the mergers of 1909 noteworthy here for its connection with the tariff was that of the Siemon Company, Limited, comprising four lumber mill companies of Lakefield, Wiarton, and Parry Sound (Ontario), capitalised at \$1,000,000, and with an output which includes hardwood flooring and veneers.† Planks and boards dressed on one side

* Reports of the Standing Committees of the Canadian Manufacturers' Association, Vancouver, Sept. 20-22, 1910, p. 48.

† Cf. *Globe*, Toronto, Nov. 6, 1909.

only but not further manufactured, much to the disappointment of the lumber mill industry,* are on the free list. But for sawn boards, planks and deals, planed or dressed, when the edges are jointed, tongued, or grooved, there is a duty of 25 per cent., and on veneers the duty is 15 per cent.

Still another merger announced in October was the Canadian Consolidated Felts, Limited—"a merger of the three leading Canadian felt companies," as it was described in the November number of *Industrial Canada*, the official organ of the Manufacturers' Association. This merger was capitalised at \$2,000,000. The mills of the consolidation are at Berlin and Elmira, Ontario. The output is felt shoes, boots, socks, slippers and felt insoles, leather boots and shoes felt lined, hair felt steam- and water-pipe covering, and lumbermen's knitted stockings—articles on which the duties are 35 per cent. *ad valorem* and 35 per cent. on value for the British preference.

THE TERMS ON WHICH A TARIFF PROTECTED COMBINE DOES BUSINESS WITH WHOLESALERS

SELLING CONTRACT IN DUPLICATE

Between the Dominion Cannery, Limited, hereinafter called the "company," and....., hereinafter called the "wholesaler."

In consideration of the terms and conditions hereinafter contained, the wholesaler agrees to purchase exclusively from the company for a period of one year from this date† all domestic canned fruits and vegetables which the wholesaler may require in their business of the kinds manufactured by the company, and will also purchase at least 50 per cent. of their total year's requirements of any other goods of a kind manufactured by the company, such as baked beans, jams, jellies, preserved fruits, condensed milk and evaporated cream; and further agrees not to contract for season 1911-12 or later until after July 1, 1911.

* Cf. Report of deputation of mill men to Sir Wilfrid Laurier, at Vancouver, asking duties on lumber and shingles, *News Advertiser*, Vancouver, Aug. 18, 1910.

† This contract was presented to wholesalers in Winnipeg in October, 1910.

1. The canned fruits and vegetables shall be sold under two groups known as "A" and "B," a list of which shall be published and sent to the wholesaler by the company, such list price to show the prices at which the goods will be sold in the different territories. The difference in prices between group "A" and group "B" being two and one-half cents ($2\frac{1}{2}$ c.) per dozen.
2. All private brands or labels shall be listed in group "A." The opening prices of standard brands for groups "A" and "B" goods shall be lowest of the season for those brands.
3. On or before Dec. 1 in each year, the prices of all canned fruits and vegetables sold under the brands comprised in groups "A" and "B" shall be advanced at least two and one-half cents ($2\frac{1}{2}$ c.) per dozen, and may be advanced at other times as the company see fit.
4. The prices of said goods shall be payable sixty days after shipment without discount, or if paid within twenty days after shipment a discount of one and one-half per cent. ($1\frac{1}{2}$ per cent.) will be allowed. The company shall have the option as to the terms on which the goods shall be sold.
5. The company will assemble goods for assorted cars where inter-factory shipments are necessary. Cars will be loaded at the nearest point at which the goods can be most conveniently assembled.
6. The wholesaler hereby agrees not to sell or to allow any one in their employ to sell directly or indirectly to any person who has not executed a similar contract and has not violated same, either wholesaler or retailer, by agent or otherwise, any of the products of the company, whether now in stock or owned by them or to be acquired after the date hereof wheresoever or howsoever obtained, at less than the stipulated selling prices and terms in force from time to time as per lists to be issued by the company, a copy of the current selling price lists to be mailed to the wholesaler as soon as issued.
7. The wholesaler also agrees that they shall not give cash or credit notes, discounts, rebates or other benefits upon sales made or to be made of such products, nor shall they give or sell at a reduction or buy at an advance other goods in consideration of sales of the products aforesaid which would in any way violate or reduce the selling price.
8. The wholesaler also agrees not to buy domestic canned fruits or vegetables manufactured by any other manufacturer, nor shall they sell either on their own account or as agent or otherwise the product of any other Canadian manufacturer of canned fruits or vegetables.
9. The wholesaler also covenants that they have not contracted for or bought any canned fruits or vegetables of the pack of 1910 put up by any other Canadian manufacturer, and any canned

goods which they have in stock at the present time of other brands not listed in groups "A" and "B" shall be sold by them at not less than the prices fixed by the company for the sale of said "B" group of canned fruits and vegetables.

10. The purchase and selling price lists in force from time to time during the continuance of this contract may be changed, and other prices established, by mailing them or otherwise notifying them to the wholesaler, opening prices to be named as late as possible in the season.

11. The wholesaler agrees not to sell or otherwise supply the products of the company to any person or company who has violated their contract with the company, after having received notice from the company that such violation has taken place. The company consents to the wholesaler selling to any other wholesaler who shall have executed a similar agreement hereto at the wholesale price, provided permission is first obtained from the company. The wholesaler also agrees to advise their salesmen of the terms of this contract; and the company also reserves the right to cancel the order for goods or any part thereof remaining unshipped in the event of the wholesaler committing a breach of ~~the terms of this contract~~.

12. The wholesaler further agrees that when called upon, and in any event before payment of the discount hereinafter mentioned, they shall give unconditionally to the company a declaration sworn to by the wholesaler, or by any member of the wholesaler's firm, or by any traveller or any one in their employ, designated by the company, showing that this contract has been carried out in all its terms. The wholesaler shall not be entitled to the discount until such declaration has been given, and all invoices for goods sold have been paid. Said discount shall be forfeited as liquidated damages for failure to comply with all the terms of this contract. The said discount cannot be anticipated by deducting the same from the invoices.

13. In consideration of the wholesaler purchasing exclusively from the company, as hereinbefore set forth, and complying with all the terms of the contract, the company agrees to pay and allow them a trade discount of ten per cent. (10 per cent.) upon f.o.b. factory price of all canned vegetables, and twelve and one-half per cent. ($12\frac{1}{2}$ per cent.) on all canned fruits so purchased; such discount to be paid half-yearly on the first day of August and the first day of February in each year.

14. All canned fruits and vegetables sold to the wholesaler are hereby guaranteed as to quality.

15. Travellers' order books in quadruplicate will be provided by the company if required.

16. In case the wholesaler shall sell goods outside the province in which their head office is situated, upon request, the company

will supply them with price lists of the selling prices ruling in any other province in which they may solicit business, and they agree that in all cases they shall observe the price, terms and conditions ruling in such province.

17. The company reserves the right to introduce a special group at somewhat reduced prices, terms and discounts, in order to meet special conditions in any locality or localities, if considered necessary.

18. In the event of a short pack caused by frost, drought or other unexpected causes, and consequent inability to put up a full pack, the company will make to full extent of their pack a pro rata delivery to all buyers whose orders are accepted prior to July 15; on any undelivered portion of 60 per cent. of such booked orders company will pay wholesalers 15 cents per case of two dozen tins. Subsequent orders to be booked subject to pack.

19. The company cannot guarantee delivery of any particular brands from any special factory, but they will give early orders and shipping instructions the preference.

20. The company agrees to ship the canned fruit and vegetables when ready. Payment shall be made by the wholesaler for goods ordered but not shipped on Dec. 1, and they will be held by the company for reasonable length of time thereafter, the wholesaler to pay storage at rate of $\frac{1}{2}$ cent per case per month and insurance after that date.

21. The wholesaler agrees that all goods sold prior to Dec. 1, 1910, shall be charged and dated from time of shipment, and that any unshipped portion or order so taken shall be charged up not later than Dec. 1, 1910. The wholesaler also agrees that in the event of an advance being advised by the Dominion Canners on or before Dec. 1, 1910, that all goods sold and unshipped at that time shall be charged immediately upon receiving notice of such advance. On all canned goods sold after Dec. 1, the wholesaler agrees to charge up at date of shipment at the prices ruling at time of shipment.

Dated this.....day of....., 1910.

CHAPTER IV

THE MERGER ERA

"There have been mergers in this country that were nothing better than legalised conspiracies against the savings of the people."
—*Telegram*, Toronto, Aug. 18, 1910.

"The Anti-Combine Bill plans to prevent combines without removing the cause. It is rather like placing a nice tempting bone before a dog, and then training him not to touch it under pain of severe punishment. Trouble would be avoided by removing the bone."—*Grain Growers' Guide*, Winnipeg, April 27, 1910.

"The brewers' merger has fallen through. It was intended to include all the establishments of the Province of Quebec. It is now stated that there will be a fall in prices."—*Globe*, Toronto, April 14, 1908.

FROM the point of view of promoters and of merger interests intent on eliminating all competition within the tariff-protected Dominion, 1910 was a year of unprecedented achievement. The merger procession travelled at an accelerated pace; it travelled so fast that towards the end of the year it looked as though merger activity would perforce have to stop, because there then remained little in sight that had not already gone through the process. The year was also memorable for a judgment in the assize courts at Toronto that cleared the ground for the establishment of a community of interests between the Wholesale Grocers' Guild and the Retail Merchants' Association. By this judgment all legal obstacles were removed to a gentlemen's agreement between these two organisations by which a system of price regulation could be brought into service. This system now applies to the grocery business—wholesale and retail—from Sydney and Charlottetown on the Atlantic Coast to Vancouver and Victoria on the Pacific, and

from Hudson's Bay to the international boundary line.

Fish was the first commodity to come under the merger process in 1910. A beer merger, which was to include all the breweries in Eastern Canada, failed in 1908.* The attempt at a \$10,000,000 brewery merger suggested a fish merger, and fish got its turn in March, three months ahead of a bakery merger in Toronto, London and other Ontario cities.† The fish merger was a success, at least from the promoter's point of view. Consumers are safeguarded from fish not of the "caught in Canada" brand by a duty of 1 cent. a pound in the general tariff and ½ cent. under the preference. The Maritime Fish Corporation, with headquarters in Montreal and outposts at Canso, Halifax, and Digby, Nova Scotia, was capitalised at \$1,000,000. Few of these promoters care to trouble themselves with capitalisations which cannot be counted in the millions. "The fresh fish merger," it was announced by the promoter, "will not put up the price of fresh fish. The idea is to develop to a greater extent the fisheries on the Atlantic coast, which are the greatest in the world. The total fisheries of Canada in 1908-9 totalled \$25,451,000, the eastern part contributing \$16,022,000 of the amount. But instead of the total being the figure mentioned, it should be \$60,000,000 yearly. We are going to help to bring this result about."‡

Oatmeal and breakfast foods came between fish and bakeries in the merger procession. Seven Ontario milling companies, whose output is protected by a duty of 20 per cent. and 15 under the British preference,§ were of this consolidation, which started out with an authorised capital of \$4,000,000. "As a

* Cf. *Globe*, Toronto, March 24 and April 14, 1908.

† Ibid., July 6, 1910.

‡ *Star*, Montreal, March 3, 1910.

§ From 1901 to 1907 the duty under the preference was 13½ per cent.

result of the economies effected by this consolidation," was the message of the promoter to the consumers of these cereals, "the interests in charge expect to be able to reduce the price of oatmeal."*

Box-making companies, safeguarded from too active external competition by a duty of 35 per cent., and 22½ under the British preference, followed fish and oatmeal in the movement for curtailing competition within the National Policy corral. In this consolidation, launched as the Dominion Box and Package Company from Montreal, it was deemed expedient to include two New York representatives on the board of directors.†

There is a duty of 27½ per cent. on wood-working tools. To ensure that no part of this harvest should go ungarnered a machinery merger, of which Galt, Ontario, is the centre, was organised in July. "The consolidation," wrote the Ottawa correspondent of the *Star* of Montreal, "includes concerns in Canada which manufacture wood-working tools and machinery. It will also control a large percentage of the iron-working tool business. The capitalisation of the new company is \$4,000,000, divided between bonds, preferred, and common stock."‡

Four lumber mill companies with a capacity of 300,000 feet a day—all in British Columbia—were consolidated in September, as the Canadian Pacific Lumber Company, with an authorised capital of \$5,000,000.§

So little do the men who exploit the tariff fear any action by the Government under the anti-combine enactments, that when Sir Wilfrid Laurier was on the Pacific coast in August, 1910, a deputation of lumbermen representing, among others, interests in

* *Witness*, Montreal, March 7, 1910.

† *Ibid.*, May 2, 1910.

‡ *Star*, Montreal, July 19, 1910.

§ Vancouver despatch to *Witness*, Montreal, Sept. 17, 1910.

the merger which at that time was being organised, waited on the Premier to urge that the time had arrived in the settlement and development of the grain-growing provinces when it was no longer necessary to retain rough boards and shingles on the free list to ease the burden of the homesteaders who, in the case of immigrants from Great Britain at any rate, are usually beginning as grain growers with only a small capital.*

With the exception of the merger of primary and secondary iron and steel plants at Hamilton and Montreal, to be dealt with in a subsequent chapter, the last of the industrial mergers of significance in these pages was that of the Steel and Radiation Company of Canada, capitalised at \$5,000,000. Only two companies were of this consolidation, one in Toronto making equipment for the heating of houses and public buildings, and the other, also a Toronto company, manufacturing metal laths used in concrete construction and also steel window sash and casements. There is a duty of 30 per cent. on the output of both of these companies.

The consolidation, which was made public in October, was heralded as the "most important industrial merger that has been achieved since the organisation of the Canada Steel Company.† Together," continued the Toronto correspondent of the *Witness*, of Montreal, "the two plants employ between 250 and 300 men; and, as a result of the introduction of a considerable amount of American capital, both factories will be enlarged."‡

"It means," wrote the same correspondent in a second despatch, "that the whole of the business from

* Cf. *News Advertiser*, Vancouver, Aug. 17, 1910.

† The merger completed in July, 1910, and launched with an authorised capital of \$35,000,000, to be dealt with in the next chapter.

‡ *Witness*, Montreal, Oct. 3, 1910.

the Atlantic to the Pacific has been merged. The company intends to establish blast furnaces, in addition to supplying building materials of all kinds, including structural steel and expanded metal. No stock will be offered for sale in the merger, while the board will include several leading capitalists of Montreal and Toronto, and the business of the company will be conducted on a close corporation basis.”*

Water-wagon finance is as glaring in some of these mergers of 1906-10 as the headlights of a motor car. But it would be unfair to independent and responsible journalism in Canada to let it even be inferred that there were no protests. One from the point of view of consumers, at the mercy of the men charged with the duty of making dividends on these capitalisations, has been quoted. Another protest worthy of note was published in the interests of overconfiding investors. It is from the *Telegram*, of Toronto, a Conservative and protectionist journal which towers high among the newspapers in the country between the Atlantic and the Great Lakes by reason of its independence and the public spirit and munificent gifts to the city of Toronto of its proprietor, who is also its editor.

“There have been mergers in this country,” wrote the *Telegram*,† “that were nothing better than legalised conspiracies against the savings of the people. People with savings to take care of should learn to differentiate between the merger that is formed as an aid to industrial efficiency and economy, and the merger that is of stock market origin. If the people do not learn to help themselves in the way of taking care of their own savings, where can they look for help? To the banks, to the law, or to the press? Was there a word of caution spoken from the watch-

* *Witness*, Montreal, Oct. 7, 1910.

† “The Merger Era,” Aug. 18, 1910.

towers of any bank to the thrifty people who rushed their money into the cycle and motor merger* and other flotations? Can the people look to the law for guidance? The law in some countries requires the promoters to state the amount of their own rake-off. These promoters are compelled to accompany their offer of bonds or stocks to outsiders with a clear and definite statement of the profits that the flotation will give to the insiders. Canadian law, with its overlapping of federal and provincial powers, does not compel a full disclosure of all the essential facts 'inside the four corners of every prospectus.' The Canadian press, with few exceptions, is so hungry for advertisements that it makes no serious effort to protect investors."

Industrial mergers, as was stated at the outset of this chapter, were not the only combinations against consumers organised in this, the most active year of Canada's merger era. It was a judgment rendered at the assizes in Toronto, March 7, 1910, by Chief Justice Falconbridge,† that cleared away the legal obstacles to the continued activity of the Wholesale Grocers' Guild, with headquarters at Hamilton; and when this organisation resumed its activity there came the gentlemen's agreement between the guild and the Retail Merchants' Association of Canada,‡ by which one of the most comprehensive and far-reaching of combines was established. The Grocers' Guild is one of the oldest price-regulating organisa-

* Organised in 1906 with a capital of \$800,000 subscribed and paid up. The shares, of a par value of \$50, were down to \$30 by April, 1907. In 1908 no quotations for them are recorded in the "Canadian Financial Review," and the stock is not traceable in the market reports of current newspapers.

† The case was styled *Rex v. Beckett et al.*, the defendants being Henry C. Beckett, George E. Bristol, John I. Davidson, Thomas J. Escot, W. G. Craig, Joseph E. Eby, and Thomas Kinnear, the Dominion Wholesale Grocers' Guild and the Ontario Wholesale Grocers' Guild.—*Globe*, March 8, 1910.

‡ Incorporated under a charter granted by the Dominion Parliament in session of 1909-1910.

tions in the Dominion.* It was established in 188 and was in active work and in close alliance with the manufacturers of sugar, starch, tobacco, vinegar and other articles of domestic supply, all protected by the tariff, until November, 1905. Then, at the instance of a co-operative distributing company in Hamilton which had been refused supplies because it was in the retail as well as in the wholesale business, a writ of information was filed against it by the Attorney General of Ontario.

The books and documents of the guild were seized and impounded by the sheriff while the Tariff Commission was in session at Hamilton. The following day the president and other officers of the guild were before the police stipendiary charged with conspiracy under the section of the criminal code of the Dominion, which declares it an offence to "unduly prevent or lessen competition in the production, manufacture, sale or supply of any article or commodity which may be a subject of commerce." † A true bill was returned by the grand jury at the autumn assizes at Hamilton in 1907.

On indictment before Chief Justice Falconbridge the defendants elected to be tried before his lordship without a jury. By consent the venue was changed to Toronto. The charge was fivefold, the indictment being that the defendants unlawfully conspired during the years 1898 to 1905, at Hamilton and elsewhere in the province of Ontario, with one another, and with some 208 named persons, firms and corporations, to unduly limit facilities for manufacturing and dealing in various articles of trade; to restrain and injure trade and commerce; to unduly prevent, limit, and lessen production; to unreasonably enhance price

* It is claimed that the Guild comprises 95 per cent. of the wholesale grocery trade in this country, and the membership extends from ocean to ocean.—*Globe*, Toronto, Oct. 19, 1908.

† Cf. 63-64 Vict., c. 46, s. 3.

and to unduly prevent and lessen competition in production, purchase, and sale of such articles. The first count was subsequently abandoned.

There was no denial that the co-operative society had been put out of business; but chiefly owing to the volume of evidence for the defence in justification of the action of the guild, the trial went on continuously from Sept. 21 to Nov. 12, 1908, and also extended over three days in January, 1909. The case for the defendants was that the object of the guild was not to enhance prices to consumers, but to get the manufacturers to fix their prices independently of the grocers, and to pay the grocers so much out of the price as remuneration for handling the goods.

Various circumstances prevented Chief Justice Falconbridge from giving judgment until March 7, 1910. Then his findings of fact were: "(1) The defendants have not, nor has any of them, intended to violate the law; (2) Nor have they, nor has any of them, intended maliciously to injure any persons, firms, or corporations, nor to compass any restraint of trade unconnected with their own business relations. (3) They have been actuated by a *bona fide* desire to protect their own interests, and that of the wholesale grocery trade in general."

"There has been no evidence," said the Chief Justice in dismissing the case, "of the enhancing of prices—no complaint by any consumer—no complaint by any retail dealer, but rather approbation. It is conceded that the proper method of distribution of goods from the manufacturer is through the wholesale dealer to the retailer, and then to the consumer, because this is the most economical method. For if the manufacturer attempts to deal directly with the consumer, or even with the retailer, he must, in a country like Canada, sparsely settled and of enormous area, maintain a staff of travellers and also establish depôts

for his goods at important points. These are great outlets of expenditure, for the traveller carrying one line only of samples gets possibly as large a salary, and certainly spends as much in travelling expenses, as the traveller for a wholesale house who sells, we are told, three or four hundred different articles. This is one reason why the wholesaler undertaking the sole distribution gets a larger profit, and yet the price is not enhanced to the consumer.

"The various cases of alleged oppression and 'driving out of trade' of persons who either openly, or by some ingenious device, aim to belong to the wholesale trade, and at the same time sell at retail, are thus," continued the Chief Justice, "easily understood. If this system were to be practised it would injuriously affect and demoralise the trade, not only of the wholesaler, but of the retailer, and the consumer would certainly not be better off in the long run. The same remarks apply to the efforts to put a stop to the cutting of prices." "There was some complaint," added his lordship, "about the system known as the 'equalisation of rates,' it being contended that it bore unequally and oppressively as against certain towns and districts. This statement was entirely disproved, and it was shown that the 'equalisation' was based strictly upon the freight rates of the different railways, so that the retail merchants got their goods at the different points at practically the same prices." *

The Grocers' Guild kept in the background from November, 1905, to March, 1910, when Chief Justice Falconbridge rendered his judgment. In April its members met in Toronto in order that they might have explained to them in popular language just what this judgment meant for the guild, and also to perfect organisation, which had fallen into some disorder

* *Globe*, Toronto, March 8, 1910.

between the seizure of the archives by the sheriff at Hamilton at the end of 1905, and the end of the case in the criminal courts in March, 1910. The secretary of the guild made this explanation: "The decision," he said, "declared that the wholesalers have a right to protect themselves against persons who either openly or by some ingenious device, aim to belong to the wholesale trade, and at the same time, by secret arrangement with retailers, or by opening retail stores, injuriously affect and demoralise the trade of wholesalers."

Following this explanation there was a discussion as to the future policy of the guild. One member complained that produce brokers who sold to retailers direct were a great annoyance to the wholesale trade. "They should," he said, "be attended to. The wholesalers, by standing together and refusing to handle the line of any manufacturer who would not pay fair toll to retailers could," this member further declared, "have their way." A second member's contribution to this discussion of policy was that "the wholesalers were 'a pack of idiots' if they did not insist that manufacturers protect the wholesalers"; while another suggestion was that "it was time for wholesalers to get together and tell the manufacturers what they want and see that they get it."

"The meeting," said the *Sun* in its explanation of its significance, "was a jubilation over the Falconbridge decision. Still further jubilation occurred over the announcement that Mr. Mackenzie King's anti-combine Bill (the Bill to check combines that was enacted in the 1909-10 session of the Dominion Parliament) is apparently not to carry any teeth for the Grocers' Guild. Incidentally it was made quite clear that the guild intends to take full advantage of its legal position to prevent manufacturers from selling to individual retailers or combinations

of retailers. All sales must be through members of the guild." *

It was at this meeting also that the gentlemen's agreement was arrived at between the Wholesale Grocers' Guild and the Retail Merchants' Association of Canada. There was then forged the last link in a perfect chain of combines, which, so far as consumers of groceries and other commodities handled by grocers are concerned, encircles the Dominion. From this joint conference of the Grocers' Guild and the Retail Merchants' Association there resulted (1) a combination of domestic manufacturers, fixing prices at a level as high as the tariff against foreign competition will allow; (2) a combination of wholesalers distributing the goods at a uniform price; and (3) a retail combine, charging a fixed price to the consumer for goods which, after passing through two combines, finally reach its shelves.

"All competition, all initiative, all enterprise," was the comment of the *Sun* on this arrangement perfected at the Toronto conference, "is to be excluded from the domestic field; and Mr. Mackenzie King, Minister of Labour at Ottawa, announces in advance that his anti-combine Bill will not grant relief in this case—at all events, by lowering the tariff and allowing foreign competitors to come in. And as it is in groceries to-day, it will be in other lines in the near future. It is truly a pleasant prospect that opens out before the Canadian consumer." †

* *Sun*, Toronto, April 27, 1910.

† *Ibid.*, May 4, 1910.

CHAPTER V

TARIFF PROTECTION, BOUNTIES, AND MERGERS

"The tanners are seeking prohibition of the export of tanbark so that they may get cheaper bark from the rural settlers. If the people of Britain would look intelligently at this developed habit of running to the Government to get the start of some fellow-citizen, they would dread protection as they do a pestilence."—*Globe*, Toronto, Sept. 13, 1909.

"Forty years ago Mr. William Thoburn was working in the factory at \$1 a day. Thirty years ago he started making flannels. He is now worth a quarter of a million dollars. He needs more protection, don't he? Poor Bill!"—Mr. Wilbert McIntyre, M.P., in reply to Mr. William Thoburn, M.P., who had assailed the preference on British woollens, House of Commons Debates, April 13, 1909.

"Western farmers should look to their ultimate welfare. If they did this they would see that a uniform national development is worth making some sacrifices for."—*Industrial Canada*, September, 1910.

ESPECIALLY notable among the mergers of 1910 was the Steel Company of Canada. It was organised with an authorised capital of \$35,000,000, of which 6 per cent. bonds, 7 per cent. preferred stock, and common stock to the amount of \$24,850,000 were issued when the new company was floated. Like the cement merger, capitalised at \$28,500,000, the Steel Company had its international aspect, for a screw manufacturer of Providence, Rhode Island, was of the directorate.*

The centre-piece of the new company was an undertaking which, until the merger, was known as the Hamilton Steel and Iron Company. From the point of view of the student of Canadian political and industrial history, it is to be regretted that the old title has been lost in the merger, for in its political

* Cf. Abridged prospectus of the Steel Company of Canada, Limited, July 9, 1910.

aspect the Hamilton enterprise has the most interesting history of any concern in Canada, always excepting the Dominion Iron and Steel Company, which in this respect surpasses any other industrial undertaking in the English-speaking world. First as the Hamilton Iron and Steel Company, then as the Hamilton Blast and Furnace Company, and finally as the Hamilton Steel and Iron Company, Limited,* this enterprise of the Ontario city in which the National Policy had its birth has leaned with more obvious success on the politicians than any other industrial undertaking in the Dominion west of Cape Breton. Its first blast furnace went on the Dominion bounty list in 1897-8, just as soon as the Laurier Government had adopted and extended the bounty policy of the Conservatives, who had gone out of office in 1896.† Its second furnace went on the list in 1910, and between 1898 and 1910 this Hamilton undertaking drew little short of \$1,800,000 from the Treasury at Ottawa in bounties on pig-iron, puddled bar-iron, and steel ingots.

"It is a very difficult matter," wrote a former editor of the *Iron Age*, of New York,‡ "to give any data relating to the labour cost of producing pig-iron, since, of course, it fluctuates from year to year and varies according to localities. Roughly, however, we may say that the labour cost of converting materials into pig-iron at furnaces in the Pittsburgh district would be somewhere between 70 and 90 cents

* Cf. Iron and steel bounties, reply to question, House of Commons Debates, Feb. 14, 1907.

† "Seven Liberal members, who since 1896 have been of Laurier administrations, in 1890 voted against a bill of the Macdonald Government for continuing the bounty payments begun in 1883. They were Sir Wilfrid Laurier, Sir Louis Davies, Sir Frederick W. Borden, Sir William Mulock, Mr. Sydney Fisher, Mr. William Paterson, and the late Mr. David Mills."—Cf. House of Commons Debates, May 5, 1890.

‡ March 1, 1907.

a ton." These are the figures at exceptionally well-placed American furnaces. It may be that the labour cost per ton was higher at Hamilton, but it was notorious that the aggregate bounty payments from Ottawa between 1897 and 1910 much more than paid the wages bills for that period at all the primary iron and steel plants in the province.*

This largesse from Ottawa was quite distinct from that from the Ontario Government, which from 1897 to 1901 also paid bounties at the rate of \$1 a ton on pig-iron made from Ontario ores at the Hamilton furnace and also at a charcoal furnace at Deseronto.†

For years a poor mouth was pulled by all these Ontario enterprises, as is always done when the exploiters of a tariff-supported industry are intent on leaning continuously and heavily on the accommodating politicians. But in 1907 the protective tariff was, for the time being, in no danger. Moreover, the iron and steel bounties had been extended for another four years, despite Mr. Fielding's promise at Yarmouth, Nova Scotia, in 1905 that they should end in 1907.‡ It was known at Hamilton, in November, 1906, when the new tariff was introduced to the House of Commons, that bounties and tariff were secure, and in January, 1907, the larger shareholders in the

* *Sun*, Toronto, Feb. 3, 1907. "In one year the Hamilton Company received \$75,000 in bounties in excess of the sum paid by it in wages. Banana growing in Manitoba could be made profitable on the same terms."—*Sun*, Toronto, Jan. 23, 1907.

† Cf. "Canada's New Place in the Iron and Steel World," *Commercial Intelligence*, London, June 1, 1901. There were only two furnaces in Ontario at the time this law was passed. In Quebec there were then three charcoal furnaces, and in Nova Scotia in 1897 the coke furnace at Londonderry and that at Ferrona were in service. On behalf of the Quebec and Londonderry furnaces it was objected that these Ontario bounties of 1897-1901 were hostile to provincial comity and detrimental to the furnaces outside of Ontario.

‡ Cf. Speech by Mr. R. C. Borden at Hanover, Ontario, Oct. 1. —*Globe*, Oct. 2, 1908.

Steel and Iron Company were buying up the stock.* By the end of the year the directors deemed it safe to cut what American and Canadian financiers describe as a "melon."

How the "melon" was planted and watered, how it grew, and also how it was divided, was described in the *Globe* by its Hamilton correspondent. "By the formation of a new company, with an increased capitalisation," he wrote, "the Hamilton Steel and Iron Company shareholders will receive over three shares of the new stock for each one they hold of the old. The original stock subscribed was \$1,513,600, and the new company will be capitalised at \$5,000,000. For several years the company had a hard time making both ends meet; but through Government bounties and careful management they have been enabled during the last few years to pay 6 per cent. dividends and at the same time increase the plant, until it is now worth the sum at which the new company has been capitalised." †

The cultivation of the "melon" was unfortunate for some of the smaller shareholders—in particular for those who were not on the inside, and were in ignorance of the actual earnings from the sale of the product and from Government bounties. "The lady shareholders and others who parted with their stock at par," wrote the Hamilton correspondent of the *News* of Toronto, shortly before the "melon" was divided, "are threatening to make trouble for the directors who bought the stock. One of the shareholders has been advised to take proceedings to have

* "The Hamilton Steel and Iron Company stock has jumped from 110 to 135 in the last few days, as a result of the effort that is being made by a few of the largest stockholders to buy in all the stocks. The reason for their anxiety is said to be that \$500,000 worth of bonus stock is to be distributed pro rata among the present shareholders. The plant is to be doubled, but the money will be taken out of the reserve fund."—Hamilton despatch to *Witness*, Montreal, Feb. 2, 1907.

† *Globe*, Toronto, Jan. 10, 1908.

the sale upset on the ground that it was illegal for the directors to buy stock from the shareholders at par when it was worth much more than that. Some business men claim that the stock is worth 150, though 115 was the highest price paid by the directors. Now, just when the company is paying back the dividends in arrears and the stock has jumped up in price, they see that they parted with the shares too soon. The company has paid two back dividends, and it is expected that it will pay two more very soon."

Four other companies, all engaged at the secondary stages of the iron and steel industry, went into the Steel Company merger. The Canada Screw Company, also of Hamilton, makes wood screws, wire goods, wire nails, and bolts and rivets, on which the duties range from 60 cents per 100 lb. on nails, and 75 cents per 100 lb. and 25 per cent. *ad valorem* on bolts and rivets, to 35 per cent. on screws. The output of the plant of the Canada Bolt and Nut Company, at Hamilton—the second of these four companies—has a similar protection, and so has that of the Dominion Wire Manufacturing Company, long established at Montreal, where in 1906 it installed open-hearthed furnaces, a blooming mill, and a combined rod and merchant mill.* It manufactures iron, steel, brass and copper wire, fencing wire, staples, and other wire goods. The fourth of the concerns allied with the Hamilton Steel and Iron Company in the merger of July, 1910, was the Montreal Rolling Mills Company,† which manufactures bar iron and steel, on which the duty is \$7 a ton under the general tariff and \$4.25 under the preference, horse-shoes,

* *Globe*, Toronto, Aug. 6, 1906

† "The Montreal Rolling Mills Company has increased its capital from \$816,000 to \$1,200,000, the new issue of stock being issued to shareholders at the rate of one share of new stock for every four shares of the old. The right to the new stock sold at \$15 to-day."—*Witness*, Montreal, May 8, 1907.

on which the duty is 30 per cent., and wrought tubing, on which the duties range from 15 per cent. to 35 per cent. in the general tariff, and from 10 to 20 per cent. under the British preference.

On the basis of its capitalisation, and also from the variety of its output, the Steel Company is the second largest undertaking of its kind in the Dominion. First place has been held since 1901 by the Dominion Steel Company, a rail and wire rod manufacturing concern, capitalised at \$34,500,000.

As the bounty laws expire in 1910, and as the iron and steel industry has been so much to the front in the mergers since the revision of 1907, it may not be out of place at this point to make a brief survey of the industry since bounties were first enacted in 1883. There were then three furnaces in the Dominion—two charcoal furnaces at Drummondville, Quebec, with a combined capacity of 15 tons a day, and the historic furnace at Londonderry, Nova Scotia, with a capacity of 125 tons, which in 1883 was in the hands of a receiver of a company, the capital for which had been mostly subscribed in England. In the closing months of 1910 there are in existence 17 furnaces, and at the time of writing all were on the active list, or ready for service, with the exception of a charcoal furnace at Deseronto and a coke furnace at Ferrona, Nova Scotia. The Londonderry furnace was not on the active list in 1909. Two of the newer furnaces—one at Hamilton, and the other at Sault Ste. Marie, Ontario—were then in building.

In the first year of the bounty law—1884—the production of pig-iron was 29,593 tons, and importations of pig-iron were 52,184 tons. For 1909 the output of Canadian furnaces—five on the active list in Nova Scotia, three in Quebec, and four in Ontario—was 609,431 tons, and importations of pig-iron were

73,781 tons.* These figures may be taken as a measure of what the iron and steel bounties had done for the industry up to the end of 1909, the last year for which figures as to production and importation were available. Fifteen furnaces on the active list, or available for service, in 1910, as compared with three in 1883, serve as another measure of progress. But it is only stating an obvious fact to add that the \$16,500,000 paid out from Ottawa in bounties since 1883, irrespective of the advantages to the industry from the tariff, from direct and indirect largesse of the provincial Governments of Nova Scotia and Ontario, and from municipal bonuses and tax exemptions, have been more than sufficient to pay for the primary equipment—blast furnaces, open-hearth furnaces, and Bessemer converters—now in service at all the iron and steel plants in the Dominion.

Mergers since 1909 have been pushed so far that the bounty system ends with monopolies in several of the more important lines of the iron and steel industry. There is no competition in structural steel, and none in wire rods, and none is discernible in steel rails. There can be no competition in cast iron water-pipe, for all the pipe foundries that are associated with pig-metal furnaces are of one of the recent mergers, and of the fifteen blast furnaces available in 1910, that at Port Arthur, Ontario, is the only one that is compelled to sell the whole of its product in the open market.

The bounty system thus ends with the primary, and many of the secondary, stages of the industry in the control of only six companies. All of these are of capitalisations sufficiently enormous to put them easily outside the infant industry class. But in 1910 it was still pleaded that the industry was "in the gristle," and that it would not develop

* Cf. Canadian Year Book, 1909, p. 411

unless compensatory duties were enacted to take the place of the bounties paid since 1883. "In a few years more," wrote an advocate of the proposed compensating duties, "our industries, if they are treated fairly, will be ready to challenge the free competition of the world; but to leave them without adequate protection now would be to expose them to certain disaster. I say nothing of the slender chance they would have against British iron and steel. It stands to reason that they could not cope with England on even terms any more than a child with a grown man." *

This plea was put forward in the foremost of the Government newspapers in the Maritime Provinces. It was supported by other newspapers in Nova Scotia, and as late as Oct. 8, 1910, the iron and steel interests—and in particular those of Sydney, Cape Breton—were hopeful that in the session of 1910-11 the Dominion Parliament would grant the industry more protection than it enjoys under the tariff of 1907: pig-iron, \$2.50 in the general tariff and \$1.50 under the British preference; steel rails, \$7 in the general list and \$4.50 under the British preference.†

* Letter signed "Amherst," on "Compensatory Duties in Lieu of Bounties," *Morning Chronicle*, Halifax, N.S., Aug. 31, 1910.

† Cf. The Dominion Steel Company, *Witness*, Montreal, Oct. 8, 1910.

CHAPTER VI

HOME AND EXPORT PRICES FOR FARM IMPLEMENTS

"Agricultural implements under the United States tariff are free, while here they are taxed one-fifth of their value; and under the administration of the Act of 1894, 25 per cent. is exacted instead of 20 per cent. Besides this, many agricultural implements are dutiable under the Canadian tariff at 35 per cent."—Federal Elections, 1895: "Issues of the Campaign," published by the Ontario Liberal Association.

"As presented to the Convention, these resolutions (of the Ottawa programme) express the concentrated wisdom of the Liberal party of Canada, and they are of such a character that we have no doubt the people of Canada will uphold and endorse them. I am glad to assure our leader that our young Province of Manitoba fought in the last election a gallant fight, though an unsuccessful one, and that we trust the platform of a revenue tariff, accompanied by the promise of economy, will enable us to send you a substantial delegation to the next Parliament of Canada."—MR. CLIFFORD SIFTON, at the Ottawa Liberal Convention of 1893.

"At this point, Mr. H. A. Bate, secretary of the Ottawa Committee, came forward, and hung above the platform a banner upon which was inscribed, 'Laurier expects every man to do his duty.'"
—Official Report of the Liberal Convention, Ottawa, 1893.

BEFORE 1896, when Sir Wilfrid Laurier, Sir Richard Cartwright, Sir William Mulock, Sir Louis Davies, Mr. Fielding, Mr. Sydney Fisher, Mr. W. Paterson, Mr. Clifford Sifton, and all the other Liberal leaders of the period were denouncing the National Policy of the Conservative Government, and pledging the Liberals at every party meeting and at every nominating convention to a tariff for revenue only, there was one grievance on which much emphasis was laid. It was that agricultural implements made at Hamilton, Brantford, Toronto, and other centres of the industry in Ontario—protected in the tariff from 1879 to 1894 by duties ranging from 17½ to 35 per cent., and from 1894 by duties of 20 per cent.—were exported to England, Australia, and the

Argentina, and there sold at much lower prices than in Canada. Particular stress was laid on this grievance in Manitoba at the Dominion general election of 1896, at which the Liberals, after nearly eighteen years of opposition, were returned to power.

Mr. Clifford Sifton, who was Minister of the Interior from 1896 to 1905 in the Laurier Administration, was then, as now, leader of the Liberal party in Manitoba. At the famous Ottawa Convention of 1893, of which Mr. Fielding was president, Mr. Sifton was one of the vice-presidents. He was the foremost opponent in the West, at the general election of 1896, of the duties on agricultural implements, and no candidate appearing before constituencies on the Ottawa programme in any part of the Dominion was more emphatic than Mr. Sifton in his denunciation of the system under which it was possible, according to his own statement, to charge a Manitoba grain-grower \$140 for a binder that was sold in Scotland for \$75. Two utterances of Mr. Sifton's will serve to show the point of view from which he and other Liberals in the West regarded the National Policy duties on farm implements in the days when the Liberals were in opposition.

"Here," said Mr. Sifton, at a great and enthusiastic meeting in support of the Ottawa programme at Winnipeg, on the eve of the general election of 1896, "was a fact to consider. It had been stated by a gentleman conversant with the facts that the Massey-Harris binder, which sold in Glasgow for \$75, cost in Winnipeg \$140. Here the Canadian farmer was unduly burdened as against his competitors. The great competitors of the Canadian farmer were, among others, those in the Argentine Republic, and in that country they were buying their machines for about half what the Canadian farmer had to pay for them. Another competitor

was Australia, and an implement was shipped from Toronto to Sydney, Australia, over a line heavily subsidised by our money, and laid down there at a freight rate as low, or even lower, than that on an implement from Toronto to Winnipeg."

"The Canadian manufacturer, when he imports his iron and steel," continued Mr. Sifton, "has to pay a duty on it, which is, of course, repaid to him by the Canadian farmer. But when he ships that machine to a foreign country he gets a rebate on that duty on the material, so that our farmer is paying taxes to allow the manufacturer to sell cheap machinery to his most keen competitors."*

How the Liberals would deal with the grievance described in the Winnipeg speech, Mr. Sifton explained in the same election campaign at Deloraine, Manitoba. "We will," he then declared, "at once and for ever wipe off the statute-book the villainous protection policy which has stunted the prosperity of the whole country and taken the heart's blood out of the people of Manitoba. Free coal, oil, free clothing, and free implements you shall have if the Liberal party are returned to power."†

As soon as the Laurier Government was in power, the New Feudalism, strongest in Montreal, almost equally strong in Toronto, and well-entrenched in Halifax, promptly deserted the Conservative party, and carried all its influence, material and moral, over to the new Government. With this alliance in good working order, the Laurier Cabinet—of which Mr. Sifton, until his resignation in 1905, was, next to Mr. Fielding, the most prominent, the most aggressive, and most influential member—and all the Liberals who were of the caucus of the Parliament of 1896-1900, ceased to concern themselves in the

* Speech reprinted in *Tribune*, Winnipeg, Sept. 3, 1910.

† Cf. *Tribune*, Winnipeg, Sept. 15, 1910.

least about economy, on which so much stress was laid at the Ottawa Convention, or about the duties on farm implements. From 1896 to 1900, and even much longer, the Cabinet, and the rank and file of the supporters of the Laurier Government in the House of Commons, were intent only on forgetting that there had ever been a national convention of the Liberal party at Ottawa.

The duties on agricultural implements in the Conservative tariff of 1894, like 99 per cent. of the duties not affected by the British preference, were continued when the Laurier Government revised the tariff in 1897; and by 1900 Mr. Sifton had travelled so far from his declaration at Deloraine that he assured an Ontario audience that the tariff was no longer an issue in Dominion politics. "It was now," he asserted at Perth, "a dead issue, because the Liberals had succeeded in solving this great question and the tariff was one that their opponents, if they got the chance, would not change much." *

Quite early in the 1896-1900 administration a morning newspaper in one of the larger Western cities—which before 1896 had been an organ of the implement manufacturers, and had supported the Conservative Government—joined the ranks of the official Liberal newspapers and fell into line in the campaign to persuade the people of Canada that they were living under quite a different fiscal system than that of the years from 1879 to 1897. One of the first appointments to the Senate after the general election of 1900 was that of a representative of a large implement firm, with headquarters at Toronto; and between 1897 and 1900 the relations between the Government and the manufacturers of implements, whose tariff and drawback privileges Mr. Sifton had so unsparingly assailed, were so harmonious that at the election in 1900 Mr. W. E. Massey, of Toront

* Cf. *Tribune*, Winnipeg, Sept. 3, 1910.

head of the longest-established and largest implement manufacturing company in Canada, and heretofore of the Conservative party, took the Dominion into his confidence as to how he intended to vote.

"While not subscribing to their policy in its entirety," said Mr. Massey, on the eve of the general election of 1900, "I believe the Laurier Government have rendered the country magnificent service, and should undoubtedly be returned; and I have confidence that with the experience gained during the present term they will be prepared to administer the affairs of state in a thoroughly satisfactory manner. I shall therefore support the Government."

Nor was this satisfaction with the Laurier Government and the Fielding tariff of 1897 confined to the implement industry. It was general among manufacturers at the large industrial centres of Ontario. The Canadian Manufacturers' Association—which, before its reorganisation in 1899, was almost exclusively an Ontario institution, with only 132 members*—was well pleased with the revision of 1897 as Mr. Sifton and Mr. Massey. The journal which in 1900 voiced the views of the association was the *Canadian Manufacturer*, and at the general election of that year—the first after the revision of 1897—the *Manufacturer* made known the attitude of the Ontario protectionists towards the Laurier Government. "As long," it said, "as the main issue presented at our general elections was the maintenance of protection, or a radical departure from it, just so long did the advocates of it receive the support of the manufacturers, and thus maintain their control of government. The party now in power fully recognise the imperative necessity of maintaining the policy that so strongly attracts the manufacturers. As long as those in power maintain the policy of protection, the manu-

* Cf. Speech by Mr. G. M. Murray, secretary of the Canadian Manufacturers' Association, Winnipeg, Feb. 9, 1910.

facturers will ask for no change. The existing status is quite satisfactory." *

Nothing was done by the Laurier Government to ease the burden on farmers and grain growers due to the duty on implements until 1907. At the inquiry by the Tariff Commission, which preceded this revision, grain growers in the country between the Rocky Mountains and Lake Superior, and farmers in Ontario, were so persistent in their pleas for lower duties on implements that the duties were lowered by $2\frac{1}{2}$ per cent. But to ensure that implement manufacturers should not suffer by this inroad on the protection, by a system of rebates they were given practically free raw material; † and this compensating concession was accompanied by a quickening of the administration of the Act in order to make sure that Ontario implement manufacturers should lose not one iota of their $17\frac{1}{2}$ per cent. protection against the United States owing to undervaluations.

There are more devices for increasing protection to an industry than can be traced in the schedules or a tariff or in the clauses of a bounty code. Tariff making, whether at Ottawa or Washington, is essentially a politician's job. It is as tricky as horse trading. Tariff politics are amazingly complicated, and all the

* *Canadian Manufacturer*, Toronto, June, 1900.

† "When the privilege of free raw material is taken into account it will be seen that the agricultural implement industry, instead of having what might be called a moderate rate of protection, really has a high rate of protection. This is where the 'joker' in the agricultural implement tariff comes in."—*Sun*, Toronto, Nov. 2, 1910.

This concession was not extended to manufacturers of ploughs, harrows and seed drills. In noting this fact the *Sun* (Nov. 1910) recalled the fact that the rebate of 99 per cent. in the duty paid by implement makers on imported "rolled iron, rolled steel and pig iron" is limited to such imports "used in the manufacture, for sale in Canada, of mowing machines, reapers, harvesters, binders and attachments for binders." A like rebate is allowed on steel used "in the manufacture of augers, hammer bit braces, axes, hatchets, scythes, reaping hooks, hoes, hay straw knives, agricultural forks, hand rakes and windmills."

complication is usually made to tell, not for consumers, but for the advantage of some protected interest. Favours can be withheld from one industry without logic or reason, so that some other interest may lose none of its tariff protection or be otherwise inconvenienced. Favours, moreover, can be bestowed on privileged interests, which can be traced neither in the schedules of the tariff nor in administrative clauses.

At the revision of 1907 a company which, with tin-plate on the free list, had established a tin-plate factory at Morrisburg, Ontario, asked for protection against competition from South Wales and from the forty odd tin-plate mills in Ohio and Pennsylvania. The plant at Morrisburg was installed in expectation of either tariff protection or bounties, and a logical application of the National Policy of both Liberals and Conservatives would have insured one or other of these forms of protection to the new industry which the company was attempting to establish in Canada. No Government help was forthcoming. On the one hand, farmers' organisations were at this time objecting to any extension of bounties to any department of the iron and steel industry; on the other hand, tin-ware manufacturers at Toronto,* and canning companies from British Columbia to the shores of Nova Scotia, objected to any duties on their raw material. The result was that to-day tin-plate is the only manufacturing industry attempted in Canada since 1879 to which the National Policy has not been applied.†

Cf. Speech by Mr. Joseph Russell, Conservative candidate for East Toronto, on "Politics and Tinplate," *News*, Toronto, 16, 1908.

"In the opinion of a great many, Canada is not yet ripe for the establishment of a tin-plate industry, as the demand in the country is scarcely such as would justify the operation of a plant on a sufficiently large scale to make it profitable at a reasonable price for its products. Industries that come ahead of their time should not ask to be supported at the cost of those already established."—*Industrial Canada*, June, 1908.

Much can be done for an industry at a revision of the tariff by adroit changes in the duties on raw materials, and at other times by orders-in-council changing this or that duty or placing this or that article used by manufacturers as raw material on the free list. These changes are seldom popularly known or understood, although in some issues of *Industrial Canada* as many as ten or twelve of such change by orders-in-council* are made known to the world most interested in protection and in these variations or extensions of the protective principle.†

Much also can be done for a protected industry by the freedom or otherwise with which the drawback clauses—clauses which have been in every Canadian tariff since 1879—are interpreted, and by the sympathetic energy and vigilance‡ which can be infused into the administration of the anti-dumping Act

* Cf. *Industrial Canada*, July, 1910.

† "Many of the inequalities which manufacturers have complained of in the tariff have been removed by orders-in-council, the rulings of the Board of Customs, and by Departmental decisions and interpretations."—Report of Tariff Committee, Canadian Manufacturers' Association, Convention at Vancouver, Sept. 20, 21, and 22, 1910.

‡ Reports of Standing Committees of the Canadian Manufacturers' Association, Vancouver, 1910, pp. 29, 41, 58. "Owing to numerous complaints having been received from importers and manufacturers, respecting fraudulent entry of foreign goods under the terms of the British preferential tariff, also the disposal of merchandise at export or dump prices, to the disadvantage of Canadian industries, it was considered that the locating of one or two special customs' investigating officers in Europe would assist materially in the prevention of customs frauds, and procure a greater uniformity in the appraisal of goods for duty purposes. Your committee desire to report that the Hon. the Minister of Customs has appointed a qualified and experienced officer to take charge of the work."—Report, Tariff Committee, Canadian Manufacturers' Association, 1910.

"It will please you all to know that Mr. Breadner (permanent tariff expert of the Canadian Manufacturers' Association) is welcomed at Ottawa. Every facility is afforded him to acquaint the Government with all matters we desire them to be informed upon. There is such an amicable condition existing between ourselves and the Department at Ottawa that it is of the greatest possible advantage to every one of us."—Mr. P. W. Ellis, at Convention of the Canadian Manufacturers' Association, Vancouver, Sept. 21, 1910.

first introduced into Canadian tariffs in 1904, and made general in its application at the revision of 1907, to guarantee that no Canadian manufacturer shall fail of all the advantage possible under the tariff.

Thus by one method or another the Government was careful that there should be no material loss of protection to the Ontario implement makers when duties were reduced from 20 to 17½ per cent. at the revision in 1907. Since then the journals representing the farmers—such as the *Sun*, of Toronto—have complained that, with values determined at the customs houses in sympathy with the National Policy—as is easily possible under the anti-dumping law—there has been little gain to farmers from the lower duties of 1907. Buggies, shovels and spades, and granite or enamelled ware, all necessary in farm equipment, were not put on the 17½ per cent. level; and these articles are often cited as instances where customs-house valuations add to the protection of Canadian manufacturers.

"There is at Oshawa, Ontario," said the *Sun*, in complaining of these valuations of imports, "an establishment for the manufacture of buggies. It is protected against foreign competition by a duty on imported buggies of 35 per cent. In other words, American buggy manufacturers must face a tax equal to more than one-third of the value of their vehicles in seeking to compete against their Canadian rivals in this country. The tariff is really higher than this, because the minimum value on which the duty on an open buggy can be appraised by customs officers is fixed by law at \$40. Thus, if the actual value of an imported buggy is only \$30, the arbitrary valuation of \$40 placed upon it for customs purposes makes the duty 45 per cent. Then there is the tariff on granite or enamelled ware, such as is used in

farm kitchens. Here again the tax is 35 per cent., and here again arbitrary valuations on second-grade goods make the actual tax in many cases a great deal more. That tax certainly does minister to rapacious greed—to the greed of one of the most crushing combines in Canada. The tariff of 32½ per cent. on shovels and spades is in the same class.” *

Two concessions to implement makers, in fact, to all manufacturers doing an export trade, account for the fact that they can and do sell at lower prices abroad than they sell to farmers and grain growers in Canada. The home market is corralled for them by the tariff; and since 1879 there have been clauses in the tariff under which, on proof of export, a manufacturer has returned to him ninety-nine per cent. of the duties he has paid on his raw material.

From 1879 to 1907 the system of drawbacks applied only to manufactures that were exported. At the revision of 1907, when the Laurier Government had to conciliate the manufacturers of agricultural implements, the drawback system was extended. The extension was special and not general; for it was made to apply only to those manufacturers the duties on whose output were then reduced from 20 to 17½ per cent. The drawback in these cases was given whether the agricultural implements were exported or sold in Canada.†

Exports of farm machinery under these highly favourable conditions are nearly as old as the first National Policy tariff of the Conservative Government of 1878-1896. But this export business was slow in developing. Its growth from year to year can be

* *Sun*, Toronto, Aug. 10, 1910.

† “Every protectionist is a free trader when it is to his advantage to be. Senator Jones is a free trader in iron and steel when it goes into his own agricultural implements. But he is a protectionist when it comes to completed implements.”—*Grain Growers' Guide*, Nov. 9, 1910.

traced in the Auditor-General's reports, where there is a record of every payment made under the drawback clauses. The total payments in respect of agricultural equipment in 1893 were only \$7,741 for machinery, and only \$95 for axes, forks, rakes and hoes; and in that year drawbacks were paid only in connection with twenty-three lines of manufacture, including \$504 paid in respect of flour.

By 1899-1900, however, the export business had grown enormously. Drawback payments were made in connection with fifty-three lines of manufactures. The total payments were \$153,760. Of this sum \$80,070 represented drawbacks on agricultural machinery; and of this sum \$66,878 consisted of payments on exports from the Massey Harris factories at Brantford and Toronto—the company to which Mr. Sifton had referred in his speech at Winnipeg in 1896.

For 1900-1901 drawback payments in respect of agricultural machinery were \$54,636, of which \$50,135 were to the Massey Harris Company. In 1901-2 the total drawback payments were \$327,650 in respect of fifty-eight lines of manufacture; and the total payments on agricultural machinery were \$95,981, with \$89,695 as the share of the Toronto and Brantford company, which was the first Canadian firm manufacturing beyond the primary stage in the iron and steel industry to push for export business.

The total drawback payments in 1905-6 reached \$207,169, with steel, exported chiefly from Sydney, figuring at \$4,186. By this time the total payments in respect of agricultural implements exported was \$112,048, as compared with \$107,230 in 1904-5; and there were in 1905-6 three Ontario companies exporting agricultural machinery. The Cockshutt Plough Company, Brantford, drew \$10,267; the International Harvester Company, an American con-

cern established at Hamilton, drew \$611; and the payments to the Massey Harris Company for 1905-6 were \$90,554. At the revision of the tariff in 1907 the fiscal year was changed, so that the Auditor-General's report for 1906-7, the last year from which I am quoting, covered only the nine months ending March 31, 1907. For this period there were drawback payments in respect of one hundred and twenty-four lines of manufactures, as compared with only twenty-three in 1893.

Agricultural implements, axes and axe handles, bicycles and motors, boots and shoes, horse shoes and horse-shoe nails, organs and pianos, paint, pickles, pulleys and tackle, safety pins, sawmill machinery, type-writers, breakfast foods and preserved lobster, began to appear in the drawback list as early as 1900-1901, and by 1906-7 the Auditor-General's enumeration included, as has been said, one hundred and twenty-four lines of industry. The total payments for these nine months were \$552,304. But the payments were comparatively small in respect of exports not the product of primary or secondary iron and steel manufacturers. The Dominion Iron and Steel Company drew \$12,299 in respect of its exports of pig iron, ingots, and billets; and of the payments in respect of agricultural machinery, \$9,960 went to a plough company at Brantford, which does not have the advantage of the drawback system of 1907 for its home trade; \$442 to the International Harvester Company at Hamilton; and \$177,175 to the Massey Harris factories in respect of its home and export trade.

The agricultural implement manufacturers' division of the New Feudalism was disposed to conclude that the bone grudgingly flung to the organised farmers of Ontario and of the prairie provinces in 1907 would end an agitation which antedates the

Laurier régime at Ottawa.* The division is small, and is dominated by one company, capitalised at \$12,000,000; but the men who are of it have since 1896 been as near to the Government as the men at the primary stages of the iron and steel industry, who since then have had bestowed on them \$16,500,000 in bounties.

These men were conceded various compensating advantages at the revision of 1907. Some of these compensations have already been described in this chapter. One of them, it is insisted in the West, has resulted in duties on agricultural implements being higher under the tariff of 1907 than they were under the Conservative tariff of 1894, or the tariff of the Laurier Government of 1897. "Previous to the reduction in the duty on binders from 20 to 17½ per cent.," said the *Grain Growers' Guide*,† in a controversy with Senator L. M. Jones, president of the Massey Harris Company, "binders were appraised at \$80, with 20 per cent. duty, giving a duty of \$16 on each binder. At present the international 5- and 6-foot binders, with carriers, are appraised at \$107.50, and 8-foot binders at \$110, making the duty \$18.81 and \$19.25 respectively, as against \$16 before the duty was lowered."

The drawback system for export business, of enormously more value to implement manufacturers in 1907 than it was when it was so vigorously assailed by the Liberals,‡ was undisturbed in 1907, as it had been in 1897, when, despite Mr. Sifton's specific and

* Cf. "The Implement Tariff Case," by Senator L. M. Jones, *Grain Growers' Guide*, Oct. 19, 1910.

† "Tariff for revenue only. Farm implements, binding twine, fencing wire, nails, lumber and coal oil to be free of duty."—Platform adopted at the Brandon (Manitoba) Convention of the Patrons of Industry, February, 1892.

‡ Oct. 19, 1910.

§ "The total drawbacks for 1909 on agricultural implements were \$207,458. The Massey Harris Company drew \$158,973 in respect of its home and export trade."—Auditor-General's Report, 1909.

vehement pledge at Deloraine, the vested interests of the implement manufacturers were tenderly regarded and amply safeguarded by the Laurier Government.

The $2\frac{1}{2}$ per cent. reduction was also treated by Liberal politicians at Ottawa as a settlement that should satisfy the farmers of Ontario and the prairie provinces for many years to come. In the session of 1906-7 a resolution urging duties of 10 per cent. instead of $17\frac{1}{2}$ per cent., originating with a little group of independent Conservatives from the West, was easily defeated in the House of Commons; and in this division Mr. R. L. Borden, the leader of the Opposition, voted with the Government.* In the following session Western members again unsuccessfully raised the question,† and in July, 1910, Mr. Sifton deprecated further agitation. "In my judgment," wrote the member for Brandon, who, when he was first a candidate for the House of Commons, gave such a strong and jaunty lead in the assault on the statutory privileges of the Toronto, Hamilton and Brantford implement manufacturers, "it is very doubtful if any substantial reduction can be made in the tariff at the present time with any advantage to the public. My belief is that the tariff on the whole is fairly satisfactory, and an agitation for a further reduction is not likely to bring about beneficial results."‡

The farmers of the four provinces in which they are organised, and in which they are most numerous, were not led astray by the campaign of deception

* House of Commons Debates, April 2, 1907.

† Ibid., May 25, 1908.

‡ *Grain Growers' Guide*, July 13, 1910. "The hopes of free trade, raised during the tour of the Premier in the West," wrote the Montreal correspondent of the *Daily Mail*, London, concerning this letter, "are being subjected to a process of smothering by Mr. Sifton, who carries under his hat much of the brains of the Liberal party, West and East."—*Daily Mail*, Sept. 17, 1910.

from 1897 to 1910*—by the propaganda originating at Ottawa and pushed by all the Government newspapers, to persuade the people that they were under a fiscal system much less burdensome and also quite distinct from that of 1879 to 1896, for which Sir John Macdonald and the Conservatives had been responsible. This campaign, as has been shown in an earlier chapter, had no success with the granges of Ontario and the grain-growers' associations of the West; and in these provinces, and by these organisations, there was at no time between 1907 and 1910 any disposition to rest satisfied with the paltry concession made to farmers in the implement schedule of the second Fielding tariff.

All these farmers' organisations are of a non-partisan character. It would be difficult for them to be otherwise,† for both political parties at Ottawa have bound themselves to the service of the New Feudalism; and, except during the few weeks that precede a general election, they pretend to no care for the interests of any of the people of Canada who are not of the privileged twenty-five hundred‡—tariff and bounty beneficiaries, exploiters of railway, steamship, §

* "We have carried into effect every plank of the Ottawa platform except one; and discussions in this House and in the other chamber show that that plank—reform of the Senate—has not been abandoned."—Mr. Paterson, Minister of Customs since 1896; House of Commons Debates, March 19, 1908.

† "Difference of principle between these warring parties there is substantially none. Nobody can tell what constitutes a Conservative or what constitutes a Liberal. Principles, so-called, are adopted or discarded just as the exigencies of the struggle require."—Goldwin Smith, *Sun*, Toronto, Sept. 30, 1908.

‡ "Always bear in mind that the good old patriotic slogan of the Canadian Manufacturers' Association, 'Canada for Canadians,' means 'Canada for 2,500 Canadians.'"—*Grain Growers' Guide*, Feb. 23, 1910.

§ "The Department of Trade and Commerce enters into nearly sixty contracts for steamship services, some wholly within Canada, others to British and foreign countries. All these matters entail a large amount of correspondence and an expenditure on behalf of Canada during the year of over \$1,000,000."—F. C. T. O'Hara, Acting Deputy-Minister, Department of Trade and Commerce, Ottawa, *Industrial Canada*, June, 1908.

cold storage* and dry dock subsidies,† jobbers in coal, timber, and other Government lands, jobbers in sites for post offices and other Government buildings, contractors, owners of Government newspapers,‡ commission men and traders of the patronage list§—who constitute the New Feudalism, and are obsequiously recognised by the politicians as the overlords of the Dominion.||

These overlords, obeyed by the politicians since 1879, and increasingly so since 1896,¶ when both political parties swore fealty to the New Feudalism,

* Cf. House of Commons Debates, May 29, 1908.

† “Up to March 31, 1909, the total amount paid out in railway subsidies for construction by the Dominion Government was \$64,902,019, of which \$30,000,000 had been paid to the Canadian Pacific Railway Company. The Government had also given \$12,126,062 in other aids to the railways. From the Provincial Governments the railways drew \$32,538,496 in aid, and \$12,580,825 from municipalities—in all, a total of \$122,147,402. Land grants to the railways in the same period were: from the Dominion Government, 31,864,074 acres, and from Provincial Governments, 23,251,943 acres.”—“Canada Year-Book,” 1909, p. 348.

‡ “The *Chronicle* (Halifax, Nova Scotia) is a newspaper in name only. That paper tells only what suits itself. Narrow partisan interests and the interests of the Government subsidising it, alone are considered. The newest and latest proof that the \$200,000 subsidised organ is not a newspaper at all is furnished in its suppression of any reference whatever to the trial and conviction of Daniel McLaughlin, a Liberal ‘worker,’ of Colchester, for having criminally omitted the names of eight Conservatives from the list of voters in Five Islands, Economy, and other near-by sections. McLaughlin was tried on two separate charges in connection with this stealing of the franchise from men who should have had a vote; the case abounded in sensational features, and the reviser was mulcted altogether in penalties amounting to more than \$500, but the *Chronicle* prints not a word of the news.”—*Herald*, Halifax, Sept. 22, 1908.

§ “Large amounts have been spent for supplies bought from those enjoying political patronage at what may be called retail rates.”—Report of Courtney-Fyshe-Bazin Commission, March 17, 1908.

|| See Notes at end of this chapter.

¶ Cf. Debates in House of Commons at Ottawa on Tariff Acts of 1897, 1904 and 1907, on bounty bills, on anti-dumping bill of 1904; in fact, on any of the numerous bills continuing or extending the National Policy of 1879. Also minutes of Tariff Commission of 1905-6 for demands of New Feudalism and concessions to these demands at revision of 1907.

have never been recognised by the organised farmers of the four provinces which lie between the Ottawa River and the Rocky Mountains. The revolt of the farmers, it should be kept in mind, does not date from the Premier's tour of the West in 1910. It has been continuous since it was begun by Sir Wilfrid Laurier, Sir Richard Cartwright, Sir Louis Davies, Sir William Mulock and Mr. W. Paterson in the early days of the Conservative National Policy, and reinforced in the last three years of the Conservative régime by Mr. Fielding in Nova Scotia and Mr. Clifford Sifton in Manitoba. After these politicians took service with the overlords on the eve of the general election of 1896,* the revolt against the tariff, bounties and combines necessarily became exclusively a farmers' movement.

The farmers continued the fight for three obvious reasons. It is the farmers who carry all the burdens of protection and who share none of its advantages, for prices for grain and foodstuffs are made in London, Liverpool, Manchester and Glasgow—a fact

* "In 1896 the tariff was satisfactory. What would the Liberals do? Men feared that an attempt would be made to put Cobdenite theories into practice. It was necessary for Sir Wilfrid Laurier to issue a signed statement promising to safeguard Canadian industry before he dared to go to the polls. John Bertram was elected in Centre Toronto because of his pledge. Other men were successful for the same reason."—*News*, Toronto, Oct. 6, 1910.

"In the old days, when free trade was so vigorously advocated by one of the great parties, every election brought a feeling of uncertainty that was demoralising to the business interests of the country. Capital was afraid to come into the country lest a change of Government would bring about such a change in conditions that it would be greatly depreciated or wholly lost. Every four or five years the same uncertainty had to be faced, and the progress of the country was retarded by the always threatening danger. After the change took place in 1896, and the continuance of the old policy of protecting Canadian industry was assured, capital got confidence, and we have seen our trade and commerce and our manufacturing expand as never before. The incoming of the Liberal party in 1896 was a great thing for Canada, in so far as it served to demonstrate that free trade was an impossible policy for this country, and that neither party would attempt to put it in force."—*Industrial Canada*, November, 1908.

so well recognised by the Government that since 1903 it has subsidised the Canadian Associated Press,* an important part of whose mission is to send by cable from these market centres the variations in prices from day to day of food products exported from the Dominion.

It became a farmers' movement also because in Ontario and in the prairie provinces farmers are well organised. Consumers in the cities are not organised, and as inarticulate units they must carry the burdens of the New Feudalism, with little opportunity for revolt—practically none through political action in a country with only two parties, neither actuated by political principles, and both thirled to the overlords of the New Feudalism.

The farmers' revolt was never more continuous, never better organised, never more effectively served by its press,† and never of more achievement than in the four years after the Tariff Commission of 1905-6. At the revision of 1907 the revolt had negative successes of far greater significance than its small positive successes, of which the only one of value was the microscopic concession embodied in the agricultural implement schedule.

Thereafter, until Sir Wilfrid Laurier's tour in July and August, 1910, the revolt in Ontario, Manitoba, Saskatchewan and Alberta was directed mainly against duties on all lines of farm equipment in the tariff of 1907, against the fiscal system—tariff protection and drawbacks—which made it possible for farm implements from factories in Ontario to be sold

* The Canadian Subsidy to the Service of British Cable News, Sell's "Dictionary of the World's Press," 1904, pp. 23-24; House of Commons Debates, May 2, 1910.

† Not for years has the tariff question been exploited so recklessly by class papers as it has this year by so-called friends of the farmers.—*Industrial Canada*, August, 1910.

in England and Scotland at prices from "10 to 30 per cent. less than in the Canadian West."*

During these four years, as was inevitable from the large inflow of new settlers from England and Scotland and from the United States into the prairie provinces, there was an increasing coming and going between these provinces and Great Britain, and also between them and the United States. Settlers visiting their homes compared prices of farm equipment in England—farm equipment made in Canada and exported—and also compared American and Canadian prices for similar machinery made and used on both sides of the boundary line. Thus it became notorious that Canadian farm implements were sold at lower prices in Great Britain than in Canada; and also that, despite the duty of 20 per cent. in the Dingley tariff of 1897-1909, agricultural implements were cheaper in the grain-growing states than in the grain-growing provinces of the Dominion.†

"Ellis Munford," reads a report of the meeting of Willow Grove Grange, Palmerston, Ontario, held in July, 1909, "gave two striking illustrations of the extent to which the tariff does bear upon the Canadian

* "That whereas Canadian machinery can be purchased at from 10 per cent. to 30 per cent. less in Great Britain than in the Canadian West, and whereas we believe that such conditions are caused by the high protective tariff existing at the present time, therefore be it resolved that immediate steps be taken regarding the said tariff, so that the home purchaser may at least be able to purchase as cheaply as the outside world; and, further, that the Ottawa Government be requested to accept the unconditional offer of the United States Government for reciprocal free trade in farm implements."—Minutes of Convention of Grain Growers' Associations of Saskatchewan, attended by 600 delegates, Prince Albert, Feb. 9-11, 1910; *Grain Growers' Guide*, Feb. 16, 1910.

† "In recent issues several are trying to prove that Canadian-made machinery is sold for less money in England than it is here. But there is no need of going to England, as the International Harvester Company were a short time ago (and I believe they are yet) selling binders nearly 30 per cent. less in North Dakota than they are charging for them in Manitoba."—C. H. Hart, Foam Lake, Saskatchewan, in *Grain Growers' Guide*, Oct. 26, 1910.

farmer. When he was over in free trade England last year he found Massey Harris binders selling for £20 each, while here the cash price was \$130. At the same time, he saw double ploughs made in Canada selling at \$3 less than here."* "Canadian binders bought by Saskatchewan farmers for \$160," said the *Grain Growers' Guide*, November 3, 1909, "are sold in Liverpool for \$126 and \$136. Competition may be the cause of it, but money ought to be as good in one place as in another."

These instances of the working of a fiscal system under which a "made in Canada" binder can be bought in England for less money than in Ontario or Saskatchewan are from the *Sun* and the *Grain Growers' Guide*, the widely recognised organs of the revolt. For proof that agricultural implements are cheaper in the United States than in Canada, the news columns of the *Globe*, of Toronto, may be drawn upon. "Talk to almost any man, whether he be farmer, merchant, banker, or real estate agent," wrote a correspondent of the *Globe*, from Regina, Saskatchewan,† in a review of Sir Wilfrid Laurier's tour, "and he will inevitably revert to anathemas on protective tariffs. And he is loaded with dates and figures, too. He will inform you, for instance, that one harvester company has works at both Chicago and Hamilton. He will produce railway tariffs to show that the freight rate from Chicago to Idaho is about equal to that from Hamilton to Saskatchewan. Then he will ask you why the Idaho farmer pays \$48 for his mower, while his brother in Saskatchewan is taxed \$65 for the same implement. He wants to know why another binder, made by a firm in Ontario, sells for \$147.24 in England, while it costs \$168 'and more' in the Canadian West."‡

* *Sun*, July 21, 1909.

† *Aug.* 2, 1910.

‡ *Globe*, Aug. 5, 1910.

"The only competitor in the manufacture of agricultural machines," said the *Farmers' Tribune*, of Winnipeg, in commenting on the conditions described in the *Globe*, "is the United States. If there is any difference in the wages paid in the two countries, those of the United States are the higher. Yet these machines are protected by a duty which is monstrous when their intrinsic value is considered. Have you ever examined a self-binder, for example? If so, when you had calculated the value of the material in such a machine, the cost of the labour of putting it together, and had made a liberal allowance for interest on capital, wear and tear of plant and expenses of administration, you would have found it very difficult to bring the cost of production up to \$40. Yet these machines are now assessed for duty at nearly \$100, and because of the practical monopoly which exists the Western farmer pays for them from \$145 to \$170. It is true the duty was nominally reduced from 20 to 17½ per cent., but this reduction was accompanied by an increase in the appraised value which more than offset its benefit. On any fair valuation of the cost of these machines, the present nominal duty of 17½ per cent. represents an actual duty of double that amount."*

Six months before the correspondent of the *Globe* described the unrest of farmers of the prairie provinces, this question had been discussed at the provincial conventions of the grain-growers of Manitoba and Saskatchewan, and of the United Farmers of Alberta. "There is," said the *Grain Growers' Guide*, in an editorial survey of these three conventions of the winter of 1909-10, "but one opinion among the farmers of Western Canada on the tariff, so far as can be judged in the action of the conventions held in the three provinces. The fact that farm

* *Farmers' Tribune*, Aug. 24, 1910.

machinery manufactured in Canada sells at a lower price in Great Britain than it does in Canada is due to the protective tariff. The farmers believe that they should be able to buy the machinery as cheap as it is sold anywhere else. The only way they see of doing this is by having the tariff cut down." *

Three distinct replies were made to these complaints of the farmers that they were compelled to pay more than farmers in Great Britain for machinery made in Toronto, Hamilton and Brantford. The first was in *Industrial Canada*, the organ of the

* *Grain Growers' Guide*, Feb. 26, 1910.

Tring Local Union, No. 24, United Farmers of Alberta, has submitted the following resolution for discussion at the Annual Convention: "That it is the opinion of this Union that a commission should be appointed to inquire into the reason why the machinery companies should charge us amounts for their machines which are entirely unreasonable as compared to the prices charged for the same machinery in other countries, and that the commission in question should be appointed by the Annual Convention of the United Farmers' Association."—*Grain Growers' Guide*, Nov. 3, 1909.

"Resolved that we, the Roseview Union, most heartily endorse the resolution submitted by the Tring Union regarding machinery prices, and this Union would urge upon the executive to move in the direction of a farmers' factory for the manufacture of our farm implements, if some step is not taken in the near future by manufacturers to lower prices most substantially."—*Grain Growers' Guide*, Dec. 15, 1909.

"Whereas we are of the opinion that the high price for farm machinery in this country is not in comparison with the cost of production, and whereas we believe that the duty on farm machinery has only been a help to the creation of a monopoly; therefore be it resolved that we, the members of the Humboldt Grain Growers' Association of Saskatchewan, are strongly in favour of abolishing the duty on American farm machinery coming into Canada."—*Grain Growers' Guide*, March 23, 1910.

See also letters by J. A. Murray, Wapella, Saskatchewan, giving prices quoted for binders at Reading, England, and Castle Douglas, Scotland, in *Grain Growers' Guide*, Jan. 12 and July 27, 1910. "These quotations," wrote Mr. Murray, "were gotten to prove that the tariff system was the cause of the difference of prices at home and elsewhere. It is evident that the home purchaser is paying quite a premium on machinery, this premium being a means of making millions for a few at the expense of the many. We also hear a great deal about building up the Empire, but I think our first thoughts should be directed to the building up of a tariff that would give the home purchaser at least as cheap machinery as the outside world."

Canadian Manufacturers' Association; the second was from Mr. H. G. Waddie, of the Canadian Drawn Steel Company, of Hamilton; and the third, and most significant, was from Senator Jones, of the Massey Harris Company, a company whose tariff protection and drawback payments have been subjects of much acrimonious discussion in politics from the earliest days of the National Policy.

"We have made careful inquiries of manufacturers," said *Industrial Canada*,* "and we are now able to state positively that the conditions complained of do not exist. No specific instances were brought forward so that the fallacy of the charges could be definitely fixed. A general error, however, in comparisons of the cost of implements in the West and in the East, or in other countries, consists in a neglect of the fact that larger and better machines are used on the prairies than elsewhere. Six- and seven-foot binders are common in Saskatchewan, but are unknown even in Ontario and much more so in England." †

* April, 1910.

† "Under date of June 9, 1909, the firm of John Wilder, Yield Hall Foundry, Reading, England, over the signature of John Wilder, offers as follows:

Massey Harris, 6-ft. cut, £29 (\$140).

McCormick, 6-ft. cut, £25 (\$121).

Deering, 6-ft. cut, £26 (\$126).

"These figures are with two knives and large sheaf carrier, and were obtained with the understanding that we could use them as we saw fit.

"J. and R. Wallace, Castle Douglas, Dumfriesshire, Scotland, were asked to quote on 6-ft., 7-ft. and 8-ft. cuts, but said they never heard of 7-ft. and 8-ft. cuts; 6-ft. cuts were handled in some places, but they only handled 5-ft. cuts, quoted as over the signature of R. Wallace.

Massey Harris, £26 10s. (\$127).

Deering and McCormick, £25 (\$121).

"This offer was retail price on June 17, 1909, also with two knives and large sheaf carrier. These are the figures quoted at Prince Albert, and will show that we did not quote small machines over there against the large ones used in the West."—"Price of Binders," J. A. Murray, *Grain Growers' Guide*, July 27, 1910.

"It argues no discrimination," continued *Industrial Canada*, "that the English farmer is charged less for his four-foot implement than the Western farmer for his implement of almost double the size. So, too, better and stronger ploughs are necessary for the extensive operations carried on on the big farms of Canada than in the cultivated gardens of England; and, therefore, what in some cases may look like a lower price is explained by a difference in quality. But we have the assurance of those who are selling implements both in Canada and in Great Britain that, grade for grade, Canadian farmers get the better price."

"There ought not," wrote Mr. Waddie,* "to be any antagonism between the manufacturer and the farmer.† The two are as inseparable as capital and labour, and are as interdependent. In every form of legislation some individual must feel he is a sufferer, just as majority rule is irksome to the minority. But the tariff question is national, and must be looked at from that standpoint, and taken outside of politics and personal consideration. It is stated that prices at which implements are sold outside the Dominion by Canadian manufacturers is a sore point with the farmers. This is simply because the farmer has not been made familiar with the reasons for such a state of affairs, nor with the benefits which he indirectly derives from such outside markets. The rebate clause enables the Canadian manufacturer to compete in the export business, and to give employment in the Dominion to large numbers of workers who would otherwise be forced to look for employment elsewhere. Again, the seasons differ in these other countries, thus making the production of

* *Globe*, Toronto, Oct. 12, 1910.

† "The Canadian farmer, with his respectable bank account, constitutes our most interesting and most promising sales problem."
—*Industrial Canada*, August, 1910.

the Canadian mills more steady and the shipments and sales extend over the whole twelve months. This cheapens the cost of production on implements for home use, and Canadian users get the benefit, in addition to getting the larger home market due to the population employed on export manufacturing."

The replies which have been quoted were not from inside the farm implement industry; hence the importance of the third of the series—that from Senator Jones, who has been engaged in the industry at Brantford and Toronto since 1873. It was written to Mr. John Evans, of Nutana, Saskatchewan, who in 1910 was prominent in the movement on the platform and in the press for equality as to price of agricultural machinery as between Canadian and British farmers using machinery from the same factories in Ontario.

The portions of the letter * essential to the controversy are as follows :

You selected the lowest price at which Canadian implements are sold in any foreign country, and compared it with the highest price at which they are sold at home, and, by this method, endeavoured to create an impression that Canadian makers secure higher prices at home than abroad.

The average of the prices at which a 6-ft. binder and sheaf carrier is sold by the Massey Harris Company, in England, France, Denmark, Sweden, Germany, Austria, Roumania, European Russia, Siberian Russia, Italy, Spain, Algeria, Argentina, South Africa, New Zealand and Australia, is over 15 per cent. higher than the average of the prices obtained in all Canada, and in no one of the countries enumerated, except England, is the price as low as the highest price in any part of Canada. In England the price is higher than in Ontario, Quebec or the Maritime Provinces, and is practically the same as the average price over Canada, notwithstanding the fact that the freight cost of delivering a binder in England is only half what it

* *Grain Growers' Guide*, Oct. 19, 1910.

costs to North-Western Canada, and, if the difference in freight is taken into account, the average Canadian price is even less than in England.

In every other country named, the highest price in any portion of Canada is less than the lowest in any of the countries mentioned. I do not think that in a discussion of this question England should be the country selected for comparison. The farmers of England practically do not compete in the wheat markets of the world with Canadian farmers, and the number of binders sold in England is very small compared with the number sold in France, Germany, Russia, Argentina, Australia and Canada. Therefore, if you want information of value to lay before the Grain Growers' Association, write to these other countries, which are Canada's competitors in the wheat markets of the world and learn from them the price of a 6-ft. binder and carrier, and remember, further, that in three of the countries I have just mentioned binders are imported entirely free from duty.

In a consideration of these prices also, it must be borne in mind that the difference in freight rates is very considerable. The freight (in carload lots) on a 6-ft. binder and carrier, from Toronto to Liverpool and London, averages \$8.40. The average rate on a 6-ft. binder and carrier to Saskatoon (carload lots) is \$16.30.* These are differences that must be taken into consideration when considering the prices in various provinces of Canada.

You further state in your letter:

"It also goes to show that the Canadian manufacturers enjoy a privilege such as is given in no other country of the world."

This statement, if it means anything, means that higher duties are placed upon implements entering Canada than are placed upon implements entering into any other country. The duty on binders, mowers and reapers into Canada is 17½ per cent. Higher duties—much higher—are imposed in Austria, Hungary, Italy, Roumania and Algeria, and they are approximately as high in several other countries, including France and the United States. In the United States the duty has been double, until very recently, what it now is in Canada. At present on these machines the

* Distance by rail from Toronto to Saskatoon is 1,565 miles.

duty there is 15 per cent. on the complete machine, but on parts thereof 45 per cent.; so that your statement about this is made, as are apparently most of your other statements, without knowledge of or regard to facts.

You say further:

"It also goes to show that Canadian ^{more than any} manufacturers enjoy a privilege such as is given in no other country in the world, and that having a monopoly of the home market (through high protection) are sweating the home consumer to such an extent as is unbearable, while abroad you can adjust your prices to compete against all that come. High protection is legalised robbery, and under it you and the other implement makers of Canada have extorted millions of dollars from agriculturists."

Now what are the facts? Canada is primarily an agricultural country. It has a very large acreage under cultivation for the number of agriculturists. Rapid expansion and the fact that land can be had for the homesteading has made farm labourers very scarce, and it is not too much to say that were it not for the rapid improvement in farm implements during the last thirty years the development of Canada, and especially of Western Canada, would of necessity have been much slower than it has been, and profitable farming would have been very difficult.

The Massey Harris Company and other companies in this line of business have not lain down behind the tariff, but have been progressive and enterprising, and have been able gradually to become large factors in the trade of other countries. This fact has been of immense advantage not only to Canada generally, through the employment of a large number of men and the bringing of many millions of money annually into this country from various foreign countries, but it has also been of the greatest possible benefit to the farmers of Canada through consequent reduction of the cost of implements. The largely increased output afforded by the foreign business has enabled the manufacturers to make implements for Canadians cheaper than would otherwise be possible, thereby giving to Canadian farmers not only better but also cheaper implements

(excepting the United States) than in any other grain-growing country in the world.

I say, without hesitation, that implements are cheaper in Canada to-day because of the local industries that have heretofore been established in Canada because of very high tariffs, than would have been the case under a low tariff ~~for free trade, without~~ local industries and dependent only upon importing implements made in foreign countries. The history of business throughout the world proves that local competition between manufacturers is the factor that secures the lowest price to the consumer. I am not now, nor have I ever been, a high tariff advocate, but I am bound to say that, from my intimate knowledge of the business in Canada, it must be admitted that the very high duties placed upon implements many years since resulted in the establishment of a large number of manufacturers in Canada for the purpose of building binders, mowers, etc. At one time, influenced by the high duty, over thirty Canadian factories came quickly into existence and were turning out these implements. The competition was, however, so keen that they as quickly began to fail and diminish in number, and it was not very long after until but four or five were left in the business. In recent years, I believe, there have been but three of the original Canadian makers continuing. There has come into Canada, however, one large institution in this particular line, viz. the International Harvester Company, who have spent millions in plant and equipment in Canada, and other large foreign makers are building and preparing to manufacture here in Canada.

Surely if in a country so young as Canada in any line of manufacturing industries we have reached a position where we can furnish to the people of our own country our own manufactures equal to and better than that of any other country in the world and as cheap, and cheaper, than the average price in all other countries in the world, we have done reasonably well. Further, if we can go into other countries and build up a large business, enabling us to employ thousands of men in Canada who otherwise would not be employed . . . should not those who have done something towards accomplishing this be entitled to at least receive fair treatment from their own fellow countrymen?

There were times when the business could fairly be said

to be highly protected, but that cannot be said of the present or the past fifteen years. The tariff on implements, naturally and properly, because of the predominating interests of the farmers of Canada, has been more than any other section of the tariff under frequent, almost continuous, discussion, and sometimes, I believe, for the reason that it has been politically advantageous for politicians to show their special interest in the farming community. The tariff on implements has been reduced at each revision of the general tariff: first, from 35 per cent. down to 20 per cent. in 1894, and later, on binders, mowers and reapers, from 20 per cent. down to 17½ per cent. The present rate is surely not higher than a revenue basis.

In Canada, indirect taxation by customs duties has been accepted by the people as the better means of producing the necessary revenue.

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If revenue is to be produced by customs duties, surely it is wise to so arrange these duties, within reason, on such articles as will afford some measure of advantage to existing industries, and industries that should, with great advantage, grow up in our own country.

Nothing could better illustrate the inevitable tendency of protection to set one class of the community against another—a small class entrenched in privilege against an enormously larger class delivered into the hands of the privileged—than this conflict, waged now for thirty years, between the manufacturers of agricultural implements in three or four Ontario cities and the farmers of the whole Dominion. The privileged interests will not, or cannot, appreciate the point of view of the men on whom they levy to the full their statutory toll, and whose burdens are thereby increased. How little the New Feudalism realises that by its exactions it adds to the burdens of seven millions of Canadians, or, if realising, how little it cares, is suggested by a paragraph in *Industrial Canada*, published at the time this conflict between the grain growers of the prairie provinces

and the implement manufacturers was beginning to command the attention of the whole of the Dominion.

"Considering that we Canadians," reads this paragraph in the journal of the New Feudalism, "have attained the good life to a greater degree than most other nations, that our people of all classes are sharing in a uniform prosperity, that we have approached so near to a true democracy, where opportunities and rewards are fairly distributed, and where the citizens have it within their power to live in comfort and comparative independence, why should there arise a desire to change existing economic conditions upon which all these are based?"*

THE NEW FEUDALISM

The reorganised Canadian Manufacturers' Association is like a young giant ignorant of its own power. By the exercise of these powers it could, if it chose, bring several millions of people to the verge of starvation, or paralyse the industry of the whole Dominion. From the half-hearted 132 who comprised the total membership of the Association in 1899 (the year of reorganisation) it has grown with such strides that now in 1910 the members number more than 2,500.—MR. G. M. MURRAY, Secretary, Canadian Manufacturers' Association, at Winnipeg, Feb. 9, 1910.

The manufacturers exercise great political power, even within the Liberal party. Sir Wilfrid Laurier has to work with them as far as may be. If he did not bend to them they might break him. Their organisation pretends to be non-political; but, as a matter of fact, it exists to extort from this party or from that the utmost measure of protection against British and other competition that the people of Canada will bear, and they will bear a good deal, so long as agriculture is prospering.—"Canada: The New Nation" (1906), H. R. Whates, p. 246.

It is the first duty of Liberals to guard the rights of the masses against the organised aggression and the law-protected privileges of the few. If Liberals do not stand for the fundamental principle of democracy against organised and corporate attack on the one hand, and against the misguidance of the mob spirit on the other, they do not stand true to Liberalism. Conditions may be against them, as in Canada the constitutional compacts favour some ecclesiastical class privileges, but if Liberals

turn their backs on their ideals and forswear their principles they have parted company with Liberalism.—*Globe*, Toronto, Feb. 2, 1905.

The Illinois Railroad and Warehouse Commission, after a patient hearing, has ordered a reduction of 50 per cent. in express rates within that state. In January and June, 1909, the Canadian Railway Commission heard evidence regarding express rates in this country. That evidence showed that our express companies had been collecting rates for carrying fruit, etc., equal to the amount received by growers from producing it, and at the same time making profits for themselves of 26 per cent. to 100 per cent. We are still waiting for the judgment of the Canadian Commission on the case presented.—*Sun*, Toronto, Sept. 21, 1910.

The grain growers of the West have protested vigorously to the Railway Commission at the number of cattle killed on the railroads. Over 400 head, they state, have been killed this year. They want better fencing and more adequate cattle guards. "I don't doubt your statement," replied Mr. Justice Mabee, chairman of the Commission, to a farmer's criticism; "the railways of this country, if they continue, will drive the Government to drastic, extreme and unreasonable legislation. They will not live up to the laws of the present, reasonable though they may be, and the people will soon have the opinion that there is no law for the railways."—Winnipeg dispatch to *Witness*, Montreal, Sept. 24, 1910.

The complaints regarding prairie fires in and around Big Valley, on the line of the Canadian Northern Railway, were then heard. The complaints were made by the Attorney-General's department, and Mr. Mabee asked why the Department of Justice did not take steps in a law court about the matter. "They've broken the law," he said. "We're not a criminal court." Further, the chairman said that he could not make any order for fire guards as there had been no plans of the railway filed with the board, and therefore the line had not been approved. As far as the board knew there was no line there. "I never saw such a mess as the C.N.R. are getting things in just now. It is a wonder that the whole bunch of you were not locked up long ago," said Mr. Mabee. "You have no right to build under a provincial charter as you say you are doing."—Report of proceedings before Dominion Board of Railway Commissioners at Edmonton, Alberta.—*Grain Growers' Guide*, Sept. 28, 1910.

The harm is done so far as the past is concerned, but there is time to warn those concerned that the public is sick of being bled by vampires. . . . If such shameless stock-watering as we have seen of late, accomplished and projected, is not immediately made impossible by our bankers and by the influence of our Manufacturers' Association, our Boards of Trade and others concerned, not only will Free Trade sentiment sweep the country within a

very few years, but in the reaction against the daylight robbery of some of the capitalistic barons, legislation of a distinctly fettering kind may be fastened on the country to its disadvantage.—*Witness*, Montreal, Oct. 19, 1910.

In Canada there is as yet none of the terrible poverty, and only the beginning of the ruling plutocracy. But at the present rate twenty-five years will see the wealth of Canada controlled by one hundred men, and the most of it by a score. It is coming with tremendous speed, and then only one thing will prevent hopeless misery for the poorer classes. That will be a revolution that will shake Canada to its very foundations.—*Grain Growers' Guide*, Winnipeg, Sept. 28, 1910.

We venture to say that among the working-class people whom Sir George Doughty addressed at Grimsby there were very few whose surroundings were more wretched and hopeless than those of some of the unskilled labourers of Montreal.—*Witness*, Montreal, Oct. 25, 1910.

We are as much in love with Canada as anybody, and as proud of what she has done and is certain to do; but we should think it criminal to tell ignorant men such tales as those which are told by men of the calibre of Sir George Doughty and Sir William Grantham. With the far higher cost of living here than in England, some of the textile and other operatives have declared that they were better off at home, in spite of the higher wages they receive in Canada, and we can vouch for it that some of them are living in as bad, and, in extreme cases, in far worse slum conditions than they did "at home."—*Witness*, Montreal, Oct. 28, 1910.

"The most notable tendency of the present time is seen in the growing severance between the Canadian Parliament and the Canadian people." This statement was made last week by Mr. Goldwin Smith during a conversation on present-day events. There is abundance of evidence to support the statement. One proof is found in the personnel of Parliament itself. This is largely made up of men apart from the every-day life of the people. Agriculture, the foundation industry of the country, is almost without representation; organised labour has but one representative. What should be the great council of the nation promises soon to be made up of professional politicians.—*Sun*, Toronto, March 23, 1910.

We in Canada pretend that we are living under British institutions. In reality we are not. We are living under the government of an interested class, who find a party in power and keep it there until it becomes too corrupt to be kept any longer, when it seizes upon the other party and corrupts it.—ANDREW MACPHAIL, "New Lamps for Old" (1909), p. 117.

CHAPTER VII

THE BIRTH AND FEEDING-BOTTLE STAGE OF AN INFANT INDUSTRY

"I cannot pass on without expressing a word of appreciation of what the Parliament of Canada has done for the steel industries of the country and, incidentally for this city. Sir Charles Tupper brought in the first Bounty Act, under the previous administration; but we are indebted to Mr. Fielding for the way in which he has guided and administered the policy of bounties in Parliament. We owe much to him and to his colleagues for sympathy and aid at the time of our great difficulties. In Mr. Murray, your Prime Minister, too, we have had a strong, judicious and helpful friend, because he is concerned in the welfare of this great industry. I have not the slightest doubt that if public affairs had been in the hands of the other political party we should have had the same of their leaders, for we have had sympathy and support from them in the trying times of the past."—MR. J. H. PLUMMER, President of the Dominion Iron and Steel Company, Sydney, Sept. 7, 1909.

"The wheel that creaks the loudest is the wheel that gets the grease."—MR. P. W. ELLIS, at the Canadian Manufacturers' Association Convention, Vancouver, September, 1910.

"Thim that the tariff looks after will look after the tariff."—MR. DOOLEY.

THE Dominion Iron and Steel Company, which began dumping rails in October, 1908, and continued the policy until October, 1910,* has been described in these pages as an undertaking with more political history than any other industrial enterprise in the English-speaking world. Canada is the only one of the British over-sea Dominions in which politics could be interwoven in the history of any industrial undertaking to the extent to which politics—Dominion, provincial and municipal—are interwoven in the history of the Dominion Steel Company. There could be no parallel to this Cape Breton enterprise in England, even if in England industry were

* *Witness*, Oct. 8, 1910.

leaning on the politicians—if England were under a protectionist system of which bounties were a part; for it is inconceivable that British municipalities would go enormously into debt to bonus industrial undertakings and to grant them loans, or would exempt them from municipal taxation.

There could be no parallel to the Dominion Iron and Steel Company even in the United States. American industry since 1861 has leaned continuously and heavily on the politicians. The Morrill, the McKinley, the Dingley, and the Payne-Aldrich tariffs—1884-1909—are all evidences of this tendency of American industry to lean on the Republican party at Washington. So was the Wilson tariff of 1894-7, although it was the work of a Congress in which the Democrats controlled both the House of Representatives and the Senate; while the Payne-Aldrich tariff of 1909, alleged by its authors and by President Taft to have been a revision in the interests of the consumer, is a monument of the abounding success with which American industry was able to lean on the stand-patters of the Republican party.*

Leaning with tremendous weight on the politicians as American industry does, there is not in the history of the United States a single case in which bounties were paid to an industrial undertaking; nor is it possible to find a case in which an industry was aided by a state government and by a municipality as well as by protection in the tariff. The Dominion Iron and Steel Company has had bestowed on it direct and indirect largesse by the Dominion Government. It has had bounties and drawbacks on exports to the

* "A stand-patter is a Republican who believes in the traditions and principles of his party—to wit, the highest measure of protection and special privileges to all who will make liberal contributions to the campaign fund. The insurgent is a Republican who is becoming weary of Republicanism."—*Sun*, Baltimore, Oct. 11, 1910.

amount of \$7,500,000. It has had numerous other concessions from Ottawa. It has had indirect largesse from the Government of Nova Scotia, and also both direct and indirect largesse from the municipality of Sydney, within whose area its furnaces and rolling mills have come into existence since 1899.

It would need a monograph to tell in detail the political history of the Dominion Iron and Steel Company. Quite a book would be required to follow the history at Ottawa, Halifax and Sydney from the second rearrangement and extension of the bounty system by the Laurier Government in 1899 * to the end of the bounty system in 1910. Ample material for such a volume is offering in the Hansards of the Dominion Parliament and of the Legislature of Nova Scotia, and in the reports of the proceedings of the city council of Sydney. The story would show the political power of the New Feudalism in Canada, and the eagerness with which the politicians—Dominion, provincial and municipal—obey its behests. A detailed political history of the Dominion Company would be a serviceable contribution to political science. Here, however, only the main outlines can be given, and the brief narrative will be clearer and its significance better understood if I state first the governmental concessions made at promotion stage, and then the concessions made after the company had been floated—after the work of the promoters was at an end, and the coal-washers, coke-ovens, furnaces and mills at Sydney were at work, and the holders of the thirty-five million dollars of bonds and preferred and common stock were receiving interest or looking for dividends on their investments.

The promoters of the company were three financiers from Boston and New York—men who, in 1893,

* The first extension was in June, 1897 (60 and 61 V. c. 6), and the second in August, 1899 (62 and 63 V. c. 8).

had floated the Dominion Coal Company, which then owned mines in the neighbourhood of Sydney, a company which, after much trouble in the law courts, was merged with the Dominion Iron and Steel Company in 1910. These promoters, in 1898, secured options on ore lands at Belle Island, Newfoundland, and with their raw material secured, they began work at Ottawa, Halifax and at Sydney, where it had been determined, in 1898, that the new plant should be established.

A Liberal Government, with Mr. W. S. Fielding as Premier, was in power at Halifax when the Dominion Coal Company obtained its charter in 1893. In 1896, when Mr. Fielding became Minister of Finance in the Laurier Government, Mr. G. H. Murray succeeded him as Premier and Provincial Secretary of Nova Scotia, and it was a Liberal Government, with Mr. Murray at its head, that made terms with the promoters of the Dominion Iron and Steel Company.

From the Government at Halifax, in 1899, the promoters secured a charter—amended at their request in 1901—by which and by concurrent legislation seven important concessions were made : (1) The company was given the right of eminent domain; (2) It was freed from all provincial and county taxation; (3) It was given power to pay dividends on preferred stock while the plant at Sydney was under construction; (4) The law of Nova Scotia regulating limited liability companies was relaxed so as to make it legal for American citizens and other non-British subjects to be of the directorate; (5) It was enacted that a director should not be disqualified from contracting with the company—a clause which was introduced owing to the close relations of the promoters with the Dominion Coal Company, from which the Iron and Steel Company was to obtain its fuel; (6) The

city of Sydney was empowered to grant a bonus to the company and free its plant from municipal taxation; and (7) The mining code was amended to provide that the royalty payable into the Provincial Treasury on all coal obtained from the Dominion Coal Company and used at the steel plant, or by steamers owned or chartered by the company for the conveyance of ore or of the products of the plant, should be $6\frac{1}{4}$ cents a ton instead of $12\frac{1}{2}$ cents, the royalty paid on coal for domestic and export trade.

Sydney, to-day, after ten years of prosperity due to the Iron and Steel Company, has a population of 14,000, with property, exclusive of that of the steel company and of two other companies which use the by-products of the steel plant, assessed for municipal taxation at \$5,500,000.* In 1898-99 its population was not more than 2,500. It was then a market town for the farming and mining communities in the country around the harbour. It was also a centre of the fishing industry, and a port of call for tramp steamers needing bunker coal, inward- and outward-bound from Quebec and Montreal. Owners of real estate, store-keepers, local lawyers and politicians were anxious that the steel company should be established there. In view of the fact that the company had to use ore from Belle Island, and fuel from the Dominion Coal Company's mines, and that Sydney was the terminus of the Intercolonial Railway, and that it possesses a magnificent harbour, it was obvious that the plant must be established there. But the promoters discussed other locations; and to secure the prize for Sydney the municipality purchased and gave to the promoters as a free gift the site on the harbour which is now covered by the furnaces and rolling-mills. For the purchase of this

* "Facts about Sydney," Advertising Folder of the *Sydney Daily Post*.

site, which had previously been undeveloped farm land, the city raised a loan of \$370,000, and in addition it exempted the steel plant from municipal taxation for thirty years.

Loans and bonuses by municipalities to promoters of industrial undertakings are nearly as old as the National Policy. So are tax exemptions or low assessments fixed for long periods on manufacturing plants. Municipal bonuses to the amount of \$135,000 helped to the establishment of the iron and steel plant at Hamilton in 1895. There was a bonus of \$50,000 and exemption from all but nominal municipal taxation when the Canada Iron Furnace Company installed its equipment at Midland in 1900. Similar municipal largesse was bestowed at Sault Ste. Marie when a rail plant was established there in 1900, and at Port Arthur when the Atikokan Iron Company erected a furnace at this Lake Superior port in 1907. Hundreds of examples of municipal largesse are to be found in the industrial history of Ontario. But no city anywhere in Canada ever localised the National Policy at such lavish expense as did the Cape Breton city of Sydney in 1898-99, when the promoters of the Dominion Iron and Steel Company were on the hunt for politicians—national, provincial and municipal—on whom they could hope to lean with success.

At this stage, after the concessions at Halifax and Sydney, the aid of the Dominion Government became essential if bounties from the Treasury at Ottawa were to be available for the Sydney enterprise. The then existing bounty law, as it had been enacted in June, 1897, was to expire in April, 1902. Just when the promoters began work at Ottawa is not ascertainable; but this much is certain: at the urging of these interests, in association with certain financial and political interests which have their headquarters at Halifax, the Laurier Government decided not

wait until 1901 or 1902 to renew the law of 1897, but to re-enact and extend it in 1899, so as to give the promoters of the Dominion Company an assurance that bounties would be forthcoming for at least six years after the first blast furnace at Sydney could be put on the bounty list at Ottawa.

Under the law of 1894—the last bounty enactment passed by the Conservative Government—bounties were payable only on pig-iron made from Canadian ore. The rate was \$2 a ton. The Laurier Government, when it annexed this feature of the National Policy in 1897, greatly extended it. The first bounty law of the Liberal Government provided that bounties should be paid on pig-iron, steel ingots and puddled-iron bars. Under the law of 1894 bounties were paid only on pig-iron from Canadian ore, steel billets and puddled bars. Ingots were not included, because in 1894 there was no equipment in Canada for carrying pig-metal to the ingot stage of the process of steel manufacture.*

In 1897 promoters at Hamilton, closely associated politically with the Liberal party, were interested in the iron and steel plants there, to which the city had given bonuses to the amount of \$135,000; and by the first bounty act in the National Policy code of the Laurier Government there was provision for the payment of \$3 a ton on "steel ingots manufactured from ingredients of which not less than 50 per cent. of the weight thereof consists of pig-iron made in Canada."

To meet the needs of the promoters of the Dominion Iron and Steel Company, this law of 1897 was not, as has been stated, permitted to run its

* Steel ingots were first made in Canada in 1899, at the plant of the Hamilton Steel and Iron Company. Of the \$135,000 paid in bonuses by the City of Hamilton, under an Act passed by the Provincial Legislature of Ontario in 1895 (58-9 V. c. 67), \$60,000 was paid in respect of the plant at which these first "made in Canada" ingots were produced.

course until April, 1902. It was so amended, in August, 1899, as to authorise bounties on pig-iron from imported ore—ore from Belle Island, Newfoundland, where the Dominion Steel Company and, later, the Nova Scotia Steel Company, which has a furnace at North Sydney, obtain their supplies, and from the Lake Superior country in Minnesota, whence the Hamilton, Midland and Sault Ste. Marie furnaces draw most of their raw material. Heretofore bounty Acts had been for four years only. By the amended Act of 1899 bounties were to be paid until 1907. The net result of this legislation of 1899, enacted solely to help the promotion and floating of the Dominion Iron and Steel Company, was that from this change in the law until June 30, 1907, the bounty rates were :

ON PIG-IRON

	<i>From Native Ore</i>	<i>From Foreign Ore</i>	<i>On Steel Ingots</i>
August, 1899 to } April 21, 1902	\$3.00	\$2.00	\$3.00
April 21, 1902 to } July 1, 1903	2.70	1.80	2.70
„ 1904	2.25	1.50	2.25
„ 1905	1.65	1.10	1.65
„ 1906	1.05	.70	1.05
„ 1907	.60	.40	.60

There were no changes in the tariff in 1899 especially in the interest of the Dominion Iron and Steel Company. Tariff changes for the Sydney enterprise did not begin until 1903. Protective duties for the iron and steel industry from 1899 to 1903 were those of the tariff of 1897. Pig-iron was protected by a duty of \$2.50 a ton in the general tariff, and \$1.66½ under the British preference. Steel ingots, blooms, and billets were dutiable in the general tariff at \$2 a ton, and \$1.33½ under the preference. Steel rails

were on the free list. There was also a duty of \$1 a ton on scrap iron. On ferro-silicon, ferro-manganese and on spiegeleisen there was an ad valorem duty of 5 per cent. These duties must be kept in mind, for it was in connection with them that drawbacks were paid to the Dominion Iron and Steel Company between 1901 and 1910, when it was exporting pig-iron and ingots and dumping steel rails.

The promoters of the Dominion Iron and Steel Company, headed by the financier from Boston, had secured all these Government favours from Ottawa, Halifax and Sydney before the prospectus of the new company was issued from Montreal in October, 1899; and in their appeal for subscriptions to the preferred and common stock, it was stated that under the law of 1899 the directors estimated that the plant at Sydney would earn \$8,095,000 in bounties before the law expired in June, 1907.*

The industry at Sydney continued to lean with increasing weight on the politicians at Ottawa after the company was floated and the plant gradually got to work. To realise the political significance and the economic value of the concessions made by the Dominion Government between 1899 and 1907, when the bounty enactment of 1899 was renewed, and bounties continued until the end of 1910, it is necessary to know a little about the plant at Sydney and its output. The equipment in service in the closing months of 1910 comprises coal-washing machinery, by-product coke ovens, four blast furnaces (with an aggregate capacity of 1,000 tons a day), ten open-hearth furnaces (of a combined capacity of 800 tons a day), two Bessemer converters, a continuous rail mill, and a continuous wire-rod mill. The products put on the market since 1901 have been pig-iron, steel ingots, billets, wire rods and steel rails.

The plant is an admirable one of its type and

* Cf. House of Commons Debates, March 8, 1900.

capacity. The movement of material—raw, partly manufactured, and finished—all the way from the well-equipped ore docks, at which steamers from Belle Island discharge cargo, to the point at the extreme end of the plant at which rails and wire rods are shipped to their destination, is exhilarating to a man who can become enthusiastic over steel-plant economy. The plant is so well-ordered, usually so admirably maintained, and so modern in the details of its equipment, particularly as regards labour-saving machinery, that one is apt to forget, when at Sydney, that all these furnaces and the two rolling-mills lean so heavily and so continuously on politicians at Ottawa, most of whom could not distinguish a blast furnace from a brewery, and who, consequently, when tariffs are being revised or bounty laws re-enacted, must rely on the exploiter, or on the expert who is associated with the exploiters of tariffs and bounties.

The plant was installed on plans made by Mr. Julian Kennedy, of Pittsburgh, famous wherever iron and steel are produced as a designer of steel works. Save for a pig-lifting and breaking machine from Workington, and for ingot moulds and firebricks imported from England, all the equipment was from the United States. The first shipment of structural steel for the new plant left Philadelphia on November 25, 1899. The first blast furnace was at work in February, 1901; the third was blown in at the end of October of the same year. By April, 1901, pig-iron from Sydney was being exported to Warrington and Glasgow.* Early in 1902 the open-hearth

* "Canada is now an exporter of steel, and is even sending rails to Australia. Now this raises a grave question. Is it right from an Imperial point of view that Canada should grant bounties on the production of material exported in competition with the Mother Country? Is it right that bountied Canadian iron should be shipped even to the Mother Country if it is to be there sold against British iron? In the case of Canadian pig-iron sent over here some few years ago it was understood that the bounties

furnaces were in service; and thereafter, until the billet mill was at work, steel ingots were shipped to the Mersey and the Clyde. The wire rod mill was at work by the end of 1903. By June, 1904, the rail mill was in service, and the plant at Sydney thereby became a unit.

A knowledge of these dates is essential to an understanding of the additional concessions which were made to the Sydney enterprise between the extension of the bounty system in 1899 and the second revision of the tariff by the Laurier Government in the session of 1906-7, when the bounties were again continued, this time to December 31, 1910.

Before these more recent concessions are enumerated, note must be taken of an episode in the House of Commons in 1897—an episode which occurred when the resolutions on which the bounties bill was based were introduced by Mr. Fielding. As these resolutions were originally framed there was a provision that in the event of pig-iron and steel ingots being exported, the Government might, by order-in-council, impose an export duty equivalent to the amount which had been paid in bounties. Emphatic objection was made to this provision by Mr. George E. Foster, who, as Minister of Finance, was the author of the tariff of 1894, and of the bounty Act of that year, the last enactments in the National Policy code of the Conservatives.

“In the interest of Canadian labour and Canadian industrial development,” Mr. Foster urged that the bounty should be paid alike on pig-iron and steel ingots used in the Dominion or shipped abroad. Mr. Fielding answered that if there were no export duties, Canada, by its bounty system, would attack the industries of the country to which its iron and steel

were either not allowed or were rebated; but what of the exports of rails and other steel products?”—*Herald*, Glasgow, Aug. 5, 1909.

were sent. Mr. Foster, however, pressed the Government to treat all iron and steel alike—not to concern itself as to where Canadian iron and steel manufacturers found their market, but to legislate to give an impetus to Canadian enterprise and to the foreign trade of the Dominion.* The Laurier Government had a majority of thirty-four in the House of Commons.† Had Mr. Foster put his plea in the form of an amendment, it could easily have been voted down by the Government. But the Laurier Cabinet, from the time it came into power in 1896, has always been close to the iron and steel interests of Hamilton and the Sydneys, or, rather, these interests have always been close to the Government; and the upshot of Mr. Foster's intervention was an announcement by Mr. Fielding the following day,‡ that he had abandoned the proposal to put an export duty on pig-iron and steel ingots on which bounties had been paid.

As a result of the concession so willingly made in 1897, pig-iron and ingots shipped from Sydney to Great Britain, billets exported to locomotive factories and plate mills in the United States,§ and steel rails exported in 1908-1910 to England, India, Australia and Mexico, earned for the Dominion Iron and Steel Company part of the seven and a half million dollars of bounties which accrued to it between February, 1901, and December 31, 1910, when the bounty system came to an end.

The first of the new concessions of 1900-1907 to the Sydney company was made in July, 1900. There was then an amendment to the railway Act,|| which made it a condition that when Dominion subsidies

* Cf. House of Commons Debates, June 25, 1897.

† Liberals, 103; Conservatives, 69.

‡ Cf. House of Commons Debates, June 26, 1897.

§ Cf. Report of Directors of Dominion Iron and Steel Company 1902.

|| 63-64 V. c. 58.

were bestowed on a railway undertaking, the company should lay its road with new steel rails "made in Canada," "if the same are procurable upon terms as favourable as other rails can be procured." At this time there was not a single furnace ready for service at Sydney, and no mill for rail-making until June, 1904; nor was there then any mill for rail-making in Canada. The proviso in the railway Act did not, so far as can be traced, originate with the Dominion Company. It was pressed on an acquiescent Minister of Railways and a complaisant Government by an American, who was at that time busy with the promotion of a company, which since 1904 has had a rail-making unit at Sault Ste. Marie, Ontario*—a company organised under the laws of New Jersey, and holding the annual meetings of its shareholders at Camden, in that state.† Even such an ardent supporter of Sir John A. Macdonald and the National Policy of 1879-1896 as Sir Charles Tupper opposed this concession of 1900. "It is contrary to freedom," he declared, "that men should be told, 'Go down to my one factory of steel rails and buy your steel rails there, or you shall not get the subsidy that the Government has provided for you.' "‡

Rails in 1900 were on the free list. Even had the projected rail mills at Sydney and Sault Ste. Marie been ready for business, this amendment to the railway Act would have been of little value to them until rails were transferred to the dutiable schedules of the tariff. They were so transferred by order-in-council issued in August, 1904. "The Governor-General-in-Council," being then "satisfied that steel rails of the best quality, suitable for the

* Cf. *Star*, Montreal, April 27, 1901; House of Commons Debates, July 12, 1900; "Canadian Annual Review," 1901, 102.

† Cf. *Witness*, Montreal, Oct. 6, 1910.

‡ House of Commons Debates, July 12, 1900.

use of Canadian railways," were being "manufactured in Canada, from steel made in Canada, in sufficient quantity to meet the ordinary requirements of the market," was "pleased to declare" that the provisions of an Act of Parliament passed in 1903* had been satisfied, and to direct "that a duty of seven dollars per ton shall be imposed upon all iron and steel railway bars, or rails in any form for railways, imported into Canada." †

Seven dollars was the rate of duty on rails from non-British countries. Under the preference the rate was \$4.66⅔, and this duty remained unaltered until 1907, when it was reduced to \$4.50, the rate at which it stood in 1910, when increases in duty were being urged on behalf of the rail mills to safeguard them from British as well as American competition when bounties on pig-iron and steel ingots should have come to an end.

The next concession was as directly for the advantage of the Dominion Company as the bounty legislation of 1899. Towards the close of 1903, as has already been stated, the wire rod mill at Sydney was about ready for service. But at this time steel wire rods, such as constitute the raw material for wire-drawing, were on the free list. Farmers all over Canada need large quantities of wire for fencing; and as a general election was due in 1904 it would have been "bad politics" to put wire rods into the dutiable schedule; for, as was the case in July, 1905, when the duty on white lead was increased from 5 to 35 per cent.,‡ the new duty on wire rods would have been added to the price of wire fencing, nails and staples from end to end of the Dominion within twenty-four hours after the duty had come into operation.

* 3 Ed. VII. c. 15.

† Cf. Order-in-council, Aug. 27, 1904.

‡ Cf. 4 and 5 Ed. VII. c. 11, s. 4.

To get over this difficulty, and at the same time to do something for the Sydney mill, then the only rod mill in Canada, an Act* was passed in October, 1903, which authorised the Government by order-in-council—practically when it heard from Sydney that the mill was ready for work—to pay bounties of six dollars a ton on rods. It was made a condition of these new bounties that the rods should be manufactured from steel produced in Canada, from “ingredients of which not less than 50 per cent. of the weight” consisted of pig-iron made in Canada; and also that bounties should be payable only when “the rods were sold to wire manufacturers, for use in making wire in factories in Canada.”†

Even more than this extension of the bounty system in 1893—an extension which was solely for the Sydney mill, and an extension that cost the people of Canada a quarter of a million dollars—the anti-dumping Act of 1904 is a testimony to the enormous influence that the Dominion Company and its promoters were able to exert at Ottawa between 1897 and 1907. At the revision in 1907 the anti-dumping Act was made general—made to apply to articles on the free list as well as to articles in the dutiable schedules; and since then this adroit extension of the National Policy has added materially to the protection afforded by the tariff of 1907 to the manufacturers of buggies and farm equipment. But from August, 1904, until November, 1906, the anti-dumping Act was not general in its application.

* 3 Ed. VII. c. 68.

† “The rod mill in January rolled 7,300 gross tons of wire rods. But we have, unfortunately, been unable to operate this mill continuously, as the production would exceed the consumption in Canada. Your directors are hopeful that before long the Canadian mills will be able to manufacture the wire which is now imported, and thereby provide a market for our full production of rods.”—Report of Directors of Dominion Iron and Steel Company, 1906.

Its particular object in 1904 was to safeguard the bounty-propped wire-rod mill at Sydney from competition from the United States Steel Corporation, and this fact was as obvious in the terms in which the Act was drawn as though the measure had been entitled an "Act to safeguard the rod mill of the Dominion Iron and Steel Company." As wire rods were on the free list, and as the imposition of a protective duty would have involved higher prices for wire and wire products, and as the Dominion Company was already protected by a bounty of \$6 a ton, plus the bounties on the pig-iron and steel from which the rods were rolled, new power was conferred on the Department of Customs for remedying the conditions of which the company complained. The Department was authorised to ascertain whether wire rods were sold for export to Canada at lower prices than the exporting company sold them in the United States. If it were satisfied that this was the case, it had power to charge a special customs duty, not exceeding 15 per cent. *ad valorem*, "notwithstanding that such rods are on the customs free list." *

"The dumping condition," said Mr. Fielding, when he introduced this new and special legislation of 1904, "is not a permanent condition. It is a temporary condition, and therefore it needs only a temporary remedy, that can be applied whenever the necessity for it arises." † This was in June, 1904. But in 1906 the anti-dumping law had served the wire-rod industry so conspicuously well for two and a half years that other protected interests were anxious that it should be extended to strengthen the wall between them and all foreign competitors; and the Laurier Government, always ready to serve the New Feudalism, was willing to add a tier here and there

* Cf. 4 Ed. VII. c. 11, s. 19.

† House of Commons Debates, June 7, 1904.

to the tariff wall, which it had been strengthening in many and various ways since 1897.

"We introduced a couple of years ago," said Mr. Fielding, in explaining, in November, 1906, why the anti-dumping Act of 1904 was to become a permanent feature in tariff legislation, "a rather novel piece of legislation, known as the dumping clause. There was some friction at the time, as there always will be in the introduction of any new feature of tariff legislation. But the friction has pretty well passed away, and it will be generally admitted that this clause has, on the whole, served its purpose very well. We propose to continue the dumping clause and to enlarge it." *

Last in this series of concessions between 1899 and 1907 in the interest of the Dominion Iron and Steel Company, and also in this instance in the interest of two other Nova Scotia plants and of three charcoal furnaces in Quebec and five iron and steel primary plants in Ontario, was the renewal of the bounty legislation in 1907. The case for this legislation, as it was publicly put forward by the Dominion Iron and Steel Company, was stated in the report of the directors issued with the company's balance sheet for 1906.

"Your directors," the shareholders were informed, "have applied to the Government for an extension of the bounties. They feel that the company has strong claims for consideration on at least two grounds: first, that the time required to establish this industry, an industry entirely new to Canada, and in a district remote from any industrial centre, has been much prolonged by unexpected delays and difficulties, so that the company is not in the assured position which it was expected would be reached before the expiration of the bounties; and, secondly, that owing to these delays and difficulties, the company has received,

* House of Commons Debates, Nov. 29, 1906.

and the Government has been called on to pay, much less in the way of bounties than, at the outset, it was expected would be paid to bring about the establishment of this industry.”*

To this plea, and to pleas of the other iron and steel manufacturing companies, the Government acceded, and for the four years 1907-10 the bounties on the output of the Sydney plant were :

	<i>On Pig-Iron from Native Ore</i>	<i>From Foreign Ore</i>	<i>Steel Ingots</i>	<i>Wire Rods</i>
1907	\$2.10	\$1.10	\$1.65	\$6.00
1908	2.10	1.10	1.65	6.00
1909	1.70	.70	1.05	6.00
1910	0.90	.40	.60	6.00

Official figures of payments under the law of 1907 for the year and nine months beginning April 1, 1909, were not available at the time this chapter was written. But assuming that production of pig-iron, ingots and wire rods for this period was at the same rate as for 1908-9, the last year for which the statistics of the Department of Trade and the Auditor-General's reports could be obtained, bounty and drawback payments to the Dominion Iron and Steel Company were—bounties \$7,358,136, drawbacks \$22,962—making in the aggregate \$7,381,098 as the direct contribution of the people of Canada, under the National Policy of the Laurier Government, to the establishment of the steel industry at Sydney, Cape Breton.

* For the fiscal years 1901 to 1906 the bounty payments to the company aggregated \$3,242,137, and there were during these year drawback payments to the amount of \$10,662 in respect of scrap-iron and other imported ingredients, which had been used in the manufacture of pig-iron and steel ingots exported from Sydney. Had the expectations of the company, as set out in the prospectus of October, 1899, been realised, the bounty-earning capacity from 1901 to 1906 would have been \$7,770,000.

	<i>Drawbacks</i>	<i>Bounty Pay-ments</i>
1900-1	\$9,632.74	\$55,287.39
1901-2	203.65	347,436.39
1902-3		960,979.63
1903-4		464,306.10
1904-5	825.80	456,794.63
1906-7		957,337.00
1907-8	12,299.83	669,042.56
1908-9		1,228,915.39
1909-10		1,067,528.92
1910		700,413.65
		450,094.85
Total	\$22,962.02	\$7,358,136.51

Even yet the enumeration of the advantages conferred by the Government at Ottawa on the Dominion Iron and Steel Company is incomplete. There is a feeling at Ottawa and Toronto—almost a certainty—that specially low freight-rates—rates that are not remunerative—are conceded to the company on the Intercolonial Railway, the Government line that connects Sydney with the mainland of Nova Scotia, with New Brunswick, and also with Montreal, and although statements to this effect have been made in the House of Commons no denial was forthcoming from the Government.*

There was a long-continued strike at Sydney in 1904 against reductions in wages. Several companies of militia, with guns and other death-distributing equipment, were in June and July encamped at the plant, which was then enclosed by a stockade, orna-

* Cf. House of Commons Debates, April 23, 1907; *Sun*, Toronto, May 1, 1907.

"I am told that the Government—the people of Canada—lose \$1.50 a ton on every ton of iron and steel that is shipped by these manufacturers from Sydney to Montreal. If this is true, it is equivalent to \$1.50 per ton bounty, because it comes out of the taxes of the people of Canada, as the deficits on the Intercolonial Railway have to be made up out of the Exchequer."—Mr. T. Chisholm, House of Commons, April 27, 1907.

mented with barbed wire, which is on the free list. The militia were at Sydney to protect the property of the company, and incidentally to aid it in making an end to the popular delusion among Cape Breton working people that there was any necessary connection between tariff protection, bounties, reduced royalties on coal, free sites, and exemption from all taxation except that paid at the customs house, and the rates of wages in the industry on which all this government largesse had been so lavishly bestowed.*

* "The general strike at the Dominion Steel works, which commenced May 31, is finally closed to-day (July 23) with a decisive victory for the company."—"Canadian Annual Review," 1904.

"The failure of the strike in 1904 did not end the delusion that protection and bounties mean high wages—did not make the Cape Breton people realise that wages are determined by the number of men seeking jobs, and who must have jobs or starve. 'The city council of Sydney,' reads a dispatch to the *Globe*, Toronto, dated Sydney, Oct. 4, 1907, 'passed a resolution and appointed a committee to wait upon the officials of the Dominion Iron and Steel Company and the Dominion Coal Company, asking the former company to grant an increase of pay to their employés, and the latter to furnish cheaper coal to the consumers. The steel company's lowest individual wage per day at present is \$1.35, and it is the intention of the delegation representing the city to ask the company that in future they pay not less than \$2 a day. There are over 1,000 unskilled labourers employed, and if the request is granted it means an enormous sum in the year.' The number of workpeople at the steel plant in July, 1907, was 2,970."—*Herald*, Halifax, July 31, 1907.

CHAPTER VIII

DUMPING WITH THE AID OF BOUNTIES

"I speak with great respect of our self-governing Colonies, and I don't criticise their tariffs, which, from their point of view, are expedient and even necessary. But, from the point of view of the Empire, these tariffs are not an assistance but an impediment to unity."—LORD ROSEBERY, March 12, 1908.

"Is it right from an Imperial point of view that Canada should grant bounties on the production of material exported in competition with the Mother Country? Is it right that bountied Canadian iron should be shipped even to the Mother Country if it is to be sold here against British iron?"—*Glasgow Herald*, Aug. 5, 1909.

"The law now gives subsidies or bonuses, taken out of the taxpayers' pockets, to railway builders, to men who run steamer lines, to makers of steel and iron, to smelters of lead, to pumpers of petroleum, to spinners of binder-twine, and to men who establish cold-storage warehouses. Outsiders would be justified in thinking Canadians a nation of commercial cripples."—*Montreal Gazette*, March 15, 1908.

BOTH the rail mills—that at Sydney and that at Sault Ste. Marie—began work about the same time in June, 1904. The demand for rails at this time was unusually brisk. The Government Commission which was created to oversee the building of the new Grand Trunk Pacific, which stretches from Moncton, New Brunswick, to Rupert, British Columbia, was in the market for rails. So was the Canadian Northern Railway Company, which was then busy with its extensions and new lines in the prairie provinces. At this time also there was much double tracking by the Grand Trunk and the Canadian Pacific; and until the depression in Canada that followed the panic in New York in October, 1907, there was no lack of business for the rail mills in Nova Scotia and Ontario. There were, in fact, more orders than these mills could fill; for an order by the Transcontinental Commission for rails for a section of the new line west of

Winnipeg—an order for 50,000 tons—went in 1906 to the United States Steel Products Company of New York, the organisation which handles the non-domestic business of the United States Steel Corporation.*

Half-way through 1908, however, there was a falling off in these demands from the railway companies. The Sault Ste. Marie mill went off the active list for awhile in July;† and about this time, when it was realised at Sydney “that the requirements of Canadian roads would furnish little work for the rail mill beyond the end of September,”‡ the Dominion Company, anxious to keep its equipment fully employed, did as it had done between 1901 and 1906, when it had on hand pig iron, ingots, and billets for which there was no available market in Canada. It began to drum up an export business for the rail mill.

Nine Thousand Tons of Sydney Steel Rails Order- ed For Road in India

SYDNEY, September 25.—A far extension of the market for Sydney rails was announced to-day by General Manager Jones of the Dominion Iron and Steel company. An order has been received by the company for steel rails to be manufactured for the Southern Panjaub Railway company. The quantity, which is to be delivered at Couractic, India, consists of 9,000 tons of eighty pound rails, and will be sent direct by steamer via the Suez canal. The company will commence to roll the order October 15th. This handsome order has been secured in competition with the mills of the world and had to be approved by the viceroy of India.

Its efforts were soon successful ; and on September 25 an official announcement, of which the accom-

* Cf. House of Commons Debates, Questions, May 27, 1908.

† Cf. *Globe*, Toronto, July 16, 1908.

‡ *Record*, Sydney, Nov. 7, 1908.

panying is a facsimile, appeared in the evening newspapers of Halifax; and from Halifax, the news, regarded as so important there as to be set out in a "frame," was telegraphed to the daily newspapers of all the large cities of the Dominion.

The news from Sydney of September 25 was almost epoch-making. It will long be a date line in the fiscal and industrial history of Canada. It was commented on editorially in all the Canadian newspapers—by the weekly journals in the smaller towns, as well as by the newspapers of the cities. Its political significance, with the bounties to expire on December 31, 1910, was variously interpreted, according to the standpoint from which the newspapers had hitherto regarded the bounty policy, and also according to the industrial interests with which the men who control several of the prominent Government newspapers are associated. In the columns of these Government journals the order for India was a triumph of the National Policy, as it had been developed since 1897 by the Laurier Government. In other and more independent newspapers the inference was drawn that as the order for India had necessarily been taken at a lower price than Canadian railways had been paying for rails since 1904 there could be no claim for a renewal of the bounty law of 1907 in the Parliamentary session of 1908-9.

Farmers and grain growers in Ontario and the prairie provinces had long persistently opposed the bounty policy. There were sixty-five petitions from the granges of Ontario against it in the session of 1907,* eighteen months before rails were dumped by the Dominion Company; and most of the newspapers of rural Canada, in the autumn and winter of 1908-9, supported the farmers' and the grain growers' movement, and insisted that the industry had at last

* *Globe*, Toronto, Feb. 26, 1907.

reached a stage at which there could be no justification for further payments from the Treasury to the iron and steel companies of Nova Scotia and Ontario.

Long before the discussion in the newspapers showed any signs of slackening, there was news from Sydney—November 11, 1908—that an order had arrived there for 18,000 tons of rails for the Government of New South Wales;* and this second announcement was followed only two days later by the further news that several orders had been obtained in Mexico. "There is," said the *News* of Toronto, in explaining the industrial significance of these Mexican orders, "a small steel plant in Mexico, but its capacity is not large enough to supply that country's growing demands, and every year a certain quantity of rail orders go to the United States. Owing to its favourable location for export trade, the Dominion Steel Company, it is said, is able to ship rails by water cheaper than the United States mills can transport them to the south."†

Two days before this announcement, when the Indian and the New South Wales orders were in hand, but before the Mexican order had been made public, it was intimated from Sydney that the Dominion Company was "satisfied that its success so far in outside competition would be followed shortly by larger and more important orders."‡ There was an interval before this expectation was realised; but on April 30, 1909, the news from Sydney, published in Montreal, was that "the management was ambitious. It was undertaking big things," all of which was introductory to the announcement that the Great Northern Railway Com-

* Cf. *Witness*, Montreal, Nov. 11; *Commercial Intelligence*, London, Dec. 2, 1908.

† *News*, Toronto, Nov. 13, 1908.

‡ *Witness*, Montreal, Nov. 11, 1908.

pany had ordered 5,000 tons of rails—"the first order the company has received from a railway in the British Isles."*

By the end of April consignments of these rails for export were on the wharf at Sydney awaiting shipment, and enthusiastic reports of all this mill and waterside activity were appearing in the Montreal newspapers. "The wharf at the works," wrote one Sydney correspondent, "presents a most animated appearance, with hundreds of men working at a break-neck pace, so as to enable the vessel to clear on time, and to make room for others to take on their cargoes. There never has been a time in the history of the steel corporation when the shipment of rails was conducted on such a large scale. This remarkable activity gives promise of continuing throughout the season, as the plant is working night and day to keep up with the orders."†

The price of rails at the mills in Canada from 1904 to 1908 was \$32.50 a ton.‡ For delivery at Port Arthur or Fort William, at the head of Lake Superior, the price was \$34.00 from the mill at Sault Ste. Marie, and \$34.50 from the mill at Sydney.§ In the early days of this new industrial activity in Cape Breton it was asserted and re-asserted in Canadian newspapers, hostile to the bounty system, that the orders for India and New South Wales must have been accepted at prices much below those paid by Canadian railway companies. Otherwise these orders of September and November, 1908, could not have been secured in open competition with British mills in the international rail pool. Similar comment and also complaints that the Dominion Company was availing itself of the Government largesse it had long

* *Witness*, Montreal, April 30, 1909.

† *Ibid.*

‡ Cf. House of Commons Debates, Questions, March 26, 1909.

§ *Ibid.*, May 27, 1908.

been enjoying to dump in British markets soon began to appear in London and provincial newspapers.

To these criticisms there was a reply from the Dominion Company. "We consider our plant," said Mr. J. H. Plummer, since 1904 president of the company, "equal to any other plant in the world, and the location is such that we are in a good position to export owing to our natural situation on tide water, which enables us to take advantage of the low ocean rates as compared with a combination of rail and ocean rates. We therefore feel that we should endeavour to get our share of the world's market, and have every intention of continuing to do so. We are going our own way, and see no reason why other manufacturers should interfere with our operations."

"In exporting rails," continued Mr. Plummer, "we are only following the example of others—that is, selling our products to the best advantage. This is no new policy, as British, German, and American manufacturers have been doing this. Regarding the question of dumping, I wish to state that the prices we are getting for the rails ordered from abroad show a profit quite apart from the Government bounty. As to the suggestion that it would be interesting to have a comparison between the prices paid by the Grand Trunk Pacific Company and those paid by our customers abroad, we can only say that it would be equally interesting to have a comparison between the prices charged by British and other European manufacturers in the home market and those in the foreign."*

Mr. Plummer published this statement while in London. It was supplemented by another of political significance in Canada quite equal to his dictum regarding the export policy of the Dominion Company. In the exultation of these new conquests there

* *Witness*, Montreal, Dec. 14, 1908.

was circulated in Montreal a rumour that the Dominion Company was at this time—December 8, 1908—negotiating for the purchase of “two large steel works in England, and that these mills were among the best of their kind in the British Isles.” The Canadian Associated Press was asked from Montreal to ascertain what foundation there was for this rumour. “Mr. Plummer,” read the cablegram from London in response to this inquiry, “said that such a deal was not contemplated, and declared that the Dominion Steel Company, with its modern plant at Sydney, was in a position to manufacture rails much more cheaply in Cape Breton than it could possibly do in England.”*

In those days of wild exultation at Sydney, when its rail mill was the theme of hundreds of paragraphs—news and editorial—in British as well as in Canadian newspapers, there was no feeling, as there was in the autumn of 1910, when bounty payments were coming to an end and compensating duties were being urged in their place, that the iron and steel industry was “still in the gristle,” still needing Government help to protect it from American and British competition. There was no suggestion in Mr. Plummer’s interview that the rail mill was still leaning heavily on the politicians; and there was certainly nothing reminiscent of political aid in a statement for publication made by Mr. Frank F. Jones, the general manager of the Dominion Company, two weeks after the Plummer interview.

“Orders for rails,” said Mr. Jones, in an interview at Sydney, December 24, 1908, “are coming in from all over the world,” and while he could not give particulars he could say that the company was likely to receive orders within the next three months that would prove a revelation to the Canadian steel in-

* *Witness*, Montreal, Dec. 8, 1908.

dustry. "The plant," continued the dispatch from Sydney to Montreal, from which the foregoing statement is quoted, "is in a position to furnish steel to the world's market at \$6 a ton less than Pittsburgh, on account of the fact that the cost of assembling the raw materials at Pittsburgh is, at the lowest estimate, \$3.25 per ton, to which must be added the cost of conveying the manufactured iron to the seaboard—namely, \$2 per ton ; while the cost of assemblage at Sydney, which is on the seaboard, and a thousand miles nearer to the great markets, is given at 80 cents per ton, the difference in favour of Sydney being calculated at \$6 per ton."*

The Dominion Company took the people of Canada into its confidence to a remarkable degree during these exciting days of the autumn of 1908 and winter of 1908-9. Its responsible chiefs realised that history was being made at Sydney, and that news of what was doing there was of interest from Cape Breton to Vancouver. The extent of the orders, the weight per yard of the rails, the order of shipment from the company's wharf on Sydney harbour, the pressure on the rail mill to keep up with this oversea business, and the world-wide significance of such orders as that from the Great Northern Railway Company, were all emphasised in the news dispatches from Sydney. Nothing was left untold except the price at which the oversea orders were taken. There was much speculation in Canada on this point, and almost as much in England ; but all that could be definitely gathered was that the exact price had been communicated in confidence to some of the British firms that had tendered for the Indian order†; that the secret was

* *Witness*, Montreal, Dec. 24, 1908.

† " Mr. Plummer said the public could make a pretty good guess as to where the 'knocking' at the steel interests came from. 'It is too absurd,' he continued, 'to call for further comment. On the other hand, it is considered a matter of congratulation that the

being carefully guarded; "but that the price is said to be considerably lower than that at which the same firm is now supplying the same type of rail in the Dominion of Canada."*

Information of a more definite character was forthcoming from London in July, 1909. About that time the Dominion Company tendered for an order for the Transvaal. The order went to a rail mill in Russia. British mills also tendered for this order for South Africa, at £5 5s. to £5 7s. 6d. free on board, equal to £6 2s. 6d. and £6 5s. at Delagoa Bay, as against the Russian price of £5 13s. and £5 14s.† It then became known that the British quotation for this order was eleven shillings higher than the Russian quotation, "and seven shillings higher than the tender of the Dominion Iron and Steel Company, who spoiled their chance of obtaining the contract by their reservation about the shipment of the rails."‡

Ignorant of the fact, or perhaps ignoring that protests of British iron manufacturers against the National Policy of the Canadian Government in 1859, 1879 and 1883 had been without avail, at least one British rail-making company protested at Ottawa against this competition in 1908-9 of the Dominion Company for contracts in England and in the British Colonies;§ and in Glasgow it was insisted that "this question of bounties on manufactures within the Empire" must be fought out; that it was one of the subjects that must be taken up with earnestness at the Imperial Conference of 1911.||

steel company has been able to secure such a large order from India in open competition with the big steel interests of the United States and Europe.'"—*Witness*, Montreal, Oct. 20, 1908.

* *Yorkshire Herald*, York, Oct. 23, 1908.

† For these quotations, furnished Sept. 20, 1909, I am indebted to Mr. J. G. Murray, editor of *Commercial Intelligence*, London.

‡ *Commercial Intelligence*, London, July 28, 1909.

§ *Ibid.*

|| Cf. *Glasgow Herald*, Aug. 5, 1909.

Among Canadian protectionists, and particularly with the small and stridently assertive group of high protectionists chiefly to be found in Hamilton and Toronto that is profuse and demonstrative in its professions of loyalty to the Mother Country and to the Empire, this episode of the winter of 1908-9 was regarded in quite another light. The Canadian Manufacturers' Association issues from its headquarters in Toronto a monthly journal—*Industrial Canada*—edited under the supervision of one of the permanent committees of the Association. "The opponents of protection," said *Industrial Canada*,* in commenting on the discussion of dumping from Sydney in Canadian and British newspapers, "have been busy denouncing the Dominion Iron and Steel Company for having, as one paper puts it, 'captured a contract for 9,000 tons of steel rails for India from British houses.' 'See,' they cry, 'what protection, bounties and tax exemptions have done! They have actually placed a Canadian concern in a position where it can go into competition with the world, and even outdo British houses.' Just think of that! The feeling of most Canadians will be one of pride in a Canadian institution which is able to go so far afield and win out. If the aid the Government has given it has enabled it to do this, it shows only that the Government has spent its money well. Did anyone think that the Government was paying a bounty to the iron and steel industry with the hope that it would prove a failure? Those people who are crying out against its success must have thought that that was what the Government had in view. It has always been our opinion that the Government was aiding the industry in order to enable it to do just what it has done—win out against competition."

* December, 1908.

CHAPTER IX

THE BURDEN ON THE FARMER

"We must check this exodus by some means, and the only way is to make this country a cheaper country to live in than the United States."—Official Report of Ottawa Liberal Convention, 1893, p. 109.

"The agricultural settler in the newer parts of the country makes the market for both capital and labour, but competes with neither. He cannot be protected in his home market because it flows into the open sea; but the market which he makes for both employer and labourer can be protected in their interests. It is not difficult to perceive why the farmer is, economically at least, so popular a citizen, and why he and his family receive so much well-meant urban advice to remain on the farm."—PROFESSOR ADAM SHORTT, Chairman Civil Service Commission; *Industrial Canada*, February, 1910.

"One thing is sure, the time has gone by when farmers can safely keep on working out in the sun and trust their public interests to people who sit on a comfortable chair in the shade. From earliest time the man in the shade has enjoyed a special privilege and worked it to the limit."—*Rural New Yorker*, Aug. 9, 1907.

It is only necessary to turn to the official report of the Liberal convention of 1893,* now a rare political document in Canada, for proof that from the earliest days of the National Policy the farmers of the West have bitterly complained of the heavy burden that the continuous leaning of industry upon the politicians threw upon them. At the time the Ottawa convention was held, Manitoba and British Columbia were the only organised provinces west of the Great Lakes. Saskatchewan and Alberta were then of the North-West Territories and under federal rule. There were no representatives of British Columbia at the convention.†

* Official Report of the Liberal Convention, held in response to the call of the Hon. Wilfrid Laurier, Leader of the Liberal Party of the Dominion of Canada, Ottawa, June 20 and 21, 1893. Published by the Budget Printing and Publishing Company, Toronto.

† "Although not represented, British Columbia takes warm interest in the proceedings of the Liberal convention. Sentiment here

Manitoba and the North-West Territories were represented; and their representatives laid especial emphasis on the burdens of the farmers and ranchmen under the National Policy of 1879. Mr. Clifford Sifton's speech, and his other stirring and eloquent pleas from 1893 to June, 1896, for relief for the farmers, have been quoted elsewhere in these pages. At the Ottawa convention he was supported in his crusade against the duties of 20 per cent. on agricultural implements by Mr. Thomas Watson, then Commissioner of Public Works under a Liberal administration in Manitoba, and by Mr. James Hamilton Ross, then Speaker of the Legislative Assembly of the North-West Territories, at Regina. These speeches are significant for the light they throw on the condition of the Western farmers under the National Policy of 1879-96. Still more significance attaches to them because since 1900 Mr. Watson has been of the Senate at Ottawa as a nominee of the Laurier Government; while from 1902 to 1904 Mr. Ross was a supporter in the House of Commons of the greatly extended National Policy of the Laurier Government, and since September, 1904, he also has been of the Senate, to which he was appointed by Sir Wilfrid Laurier.*

Descriptions of conditions in the West under the old National Policy by Senators Watson and Ross were accepted as true by the Ottawa convention, and they may be taken to-day to illustrate the burdensome conditions of 1879-1896. "We in the West," Mr. Watson told the convention, "have even a greater disadvantage than that of railway freights in this accursed tariff, which has borne so heavily on the

favours a policy of freer trade with Great Britain and her Colonies, especially Australia, and reciprocity of trade with all other nations."

Telegram received at Liberal Convention, 1893. Report, p. 25.

* Cf. Chambers' Parliamentary Guide, 1909, pp. 65, 71, 218.

settler. I am free to admit that with us many of the people are hard up. How could it be otherwise under such a system? I have no hesitation in saying that if the money unjustly taken from the pockets of the people were returned, every man would be able to pay off his debts and have something to his credit in the bank. We have no use for protection in the North-West, for nothing is raised in price for the benefit of the farmer, but on everything he buys he has to pay extra on account of the tariff. Therefore, we want the freest trade possible. The whole Dominion is interested in the North-West; and it is to the interest of the people of Canada that it should be filled with settlers. We are spending large sums of money on immigration, and I can tell you that if we had free trade in Manitoba we should have thousands and hundreds of thousands without spending a dollar to get them there. What the people of Manitoba want is a free field and no favour. As it is now we are compelled to sell our produce in the markets of the world, and then we have to turn round and buy our supplies in a protected market." *

The second of these speeches—that by Senator Ross—was much in the same spirit, and to the same end as that by Senator Watson. "I am of opinion," said Senator Ross, "that the policy that you have laid down to-day †—tariff for revenue only, looking towards free trade—will win great favour in the North-West. The farmers with us believe in protection, but not that breed which we have had. They want now to be protected from the manufacturer. They believe that their only chance of success lies in

* Official Report, Liberal Convention, pp. 119, 120.

† "We denounce the principle of protection as radically unsound, and unjust to the masses of the people; and we declare our conviction that any tariff changes based on that principle must fail to afford any substantial relief from the burdens under which the country labours."—*Ibid.*, p. 72.

getting their supplies and implements, which are their raw materials, at as cheap a rate as possible, knowing as they do that the only articles which they produce for export—No. 1 hard wheat and No. 1 grass beef, both the best of their class in the world—must find a market in free trade England. It goes without argument that protection in any form must injure and cannot assist them.” *

At this time, 1893, when the Liberals were so wrought up concerning the burden of the National Policy on the farmers, the population of Manitoba was 155,000, and that of the North-West Territories 67,000. Homesteaders have been going into the prairie provinces in numbers varying from twenty to forty thousand a year since then; and in 1910 there was in Manitoba a population of 496,000; in Saskatchewan of 377,000, and in Alberta of 321,000.†

In the older provinces east of the Great Lakes, there has been no increase in the number of farmers. In recent years there have been decreases in the population of rural Ontario.‡ All the increase in the farming population has accrued to the prairie provinces. There the increase has been so continuous and so large that by 1908 it was stated in the House of Commons that there were 575,000 farmers in Canada, and that 3,788,000 men, women and children—considerably over one-half of the population—were supported directly by farming.§

It is this population, of which not one in a thou-

* Official Report, Liberal Convention, pp. 109-122.

† Cf. Statement of estimated population on March 31, 1910, issued in August by Census Department at Ottawa.

‡ Cf. *Sun*, Toronto, March 3, 1909.

“An exodus of 70,000 to the United States last year, 10,000 of whom left 60 rural parishes of Quebec; the Maritime Provinces falling behind in population, and the rural population of Ontario falling off 8,000 a year for years.”—*Sun*, Toronto, Nov. 2, 1910.

§ Cf. House of Commons Debates, April 13, 1909.

sand ever derived the least advantage from protection, that is regarded by the manufacturers as their "most interesting and most promising sales problem";* and it is this population that Conservative Governments from 1879, and Liberal Governments since 1896, have rounded up and corralled for the manufacturers, and in more recent years for exploitation by trusts, combines, and mergers. These are the people—hundreds of thousands of whom, especially in Quebec and in the Maritime Provinces, manage to do little more than earn a bare living—to whom the New Feudalism addresses itself when it urges the people of Canada to take large views, and to make sacrifices for "a well-rounded national development"—for a development that inevitably means the piling up for a few of fortunes undreamed of when Cayley and Galt in 1858 and 1859 first made it possible in Canada for industry to lean on the politician.

These people are told by the organs of the New Feudalism that "the selfish man who thinks only of his immediate interests, cares nothing for the general welfare, nor for his own future, is a poor citizen of any country, and a positive detriment to a young, aspiring country like Canada." "Canada," it is impressed on the 3,778,000 men, women and children who are of the farming population, "is not a country where we can afford to let industries die. If they are being too hard pressed by outside competition we have to come to their assistance, and help them all we can to win out in the fight. If we are out of pocket for a time, we will get our reward later on, when the country will have developed into a hive of industry, and undreamed-of opportunities will be opened up for us all. A little genuine patriotism is what these selfish ones need."†

* *Industrial Canada*, August, 1910.

† *Ibid.*, December, 1908.

East as well as West the National Policy pens in the farming population so completely and so securely that ^{the} ~~can~~ cannot escape the exactions of the protectionist ^{division} ~~of~~ of the New Feudalism. But it is in the prairie provinces that the exactions are most goading and most burdensome, because the needs of homesteaders are more numerous than those of farmers long settled in the older provinces, and also because the prairie provinces are nearer to St. Paul, Minneapolis and Duluth, and other manufacturing and distributing centres of the states of the north-west, with their cheaper goods, than they are to Toronto, Hamilton, London, Montreal, Quebec and Three Rivers, the manufacturing and distributing centres of the Dominion.

Bread from Canadian flour has long been "much dearer" in Toronto than in England;* and "not long ago a list of 116 staple manufactured goods which are sold at wholesale and at retail far higher in Canada than in the States, was compiled by an accurate Canadian expert."† For years manufactured goods from St. Paul and Minneapolis have been sold in the prairie provinces at lower prices than similar goods from the manufacturing centres of Ontario and Quebec; for one reason because freight charges from St. Paul and Minneapolis and Duluth are, on account of the shorter distance, less than on similar goods from Toronto and Montreal.

It was for this reason, because the National Policy

* Cf. *Globe*, Toronto, "Famine Prices in Canada," Jan. 19 and July 14, 1910; also "A Comparison between the Relative Purchasing Powers of the Dollar in London and Winnipeg," *Free Press*, Winnipeg, Jan. 11, 1908. Mr. Robert Meighen, president of the Lake of the Woods Milling Company, sells his flour in England cheaper than he sells it in the middle of the country where the wheat is grown.—Editorial article in the *Grain Growers' Guide*, Nov. 9, 1910, on Mr. Robert Meighen's letter to Sir Joseph Lawrence in the *Morning Post*, London, Oct. 18, 1910.

† E. W. Thomson, of Ottawa, in *Transcript*, Boston, Sept. 17, 1910.

cannot equalise the rail haul between Winnipeg and Eastern Canada and Winnipeg and St. Paul and Minneapolis, and because American goods of the quality, style and price needed by settlers find a ready market in the prairie provinces—that at the revision of the tariff in 1907 manufacturers of boots and shoes, of heating stoves, and even of coffins, demanded higher duties than those of the tariff of 1897.

A concession was made to the boot and shoe manufacturers. But coffins, which are made only at Amherst, Nova Scotia, and at Three Rivers, Quebec, and Prescott, London, Hamilton and Toronto, Ontario,* although bulky freight when shipped from these centres of the trade to Winnipeg and beyond, were permitted, out of consideration for new settlers in the prairie provinces, to remain at 25 per cent. in the tariff of 1907. Stoves, also costly to transport, were for the same reason left at 25 per cent., although a higher tariff might have made business brisker for the coffin manufacturers.

The stove division of the New Feudalism was sore and indignant at this refusal of the Tariff Commission of 1905-6 to manipulate tariff schedules so as to equalise freight rates between the Ontario centres of the foundry industry and St. Paul and Minneapolis. It nursed ill-feeling from November, 1906, when the new tariff was introduced to the House of Commons, until September, 1907, when the annual convention of the Canadian Manufacturers' Association was held in Toronto. Then, in a sympathetic environment, the outburst came; and the disgruntled stove manufacturer startled Canada with the declaration: "I would make the tariff as high as Haman's gallows if it is to keep the Yankee out." †

* Cf. "Caskets," *Industrial Canada*, Trade Index, June, 1909, p. 965.

† "They should," said the author of the Haman's gallows phrase, which has been constantly in service in tariff discussions

All orders of the New Feudalism—tariff beneficiaries, transatlantic and lake steamship companies, railway companies, boomers of town sites and other urban real estate, and exploiters of public lands—agricultural, mineral and timber—have since 1898 enthusiastically and vigorously supported the aggressive immigration policy of the Laurier Government, the policy that was inaugurated and pushed by Mr. Clifford Sifton, who was Minister of the Interior from 1896 to 1905.*

For the railway companies and particularly for the Canadian Pacific, the older transcontinental company,† much gain has accrued from the Sifton policy

in Canada since 1907, "look down the tariff schedules, find out what industries were hurt, go to Ottawa, and never let up until these industries were taken care of. What they wanted to do in future was to instruct the Tariff Committee (of the Canadian Manufacturers' Association) that until every industry in the country was adequately taken care of, the politics of the Association would be tariff."—*Globe*, Sept. 26, 1907.

* Cf. Chambers's "Parliamentary Guide," 1909, p. 142.

† The subsidies received by the Canadian Pacific in cash, in completed railway, and in land amount to an enormous sum in the aggregate. Leaving out the assistance given to lines acquired by the company, and omitting the amount obtained from the provinces, the Canadian Pacific has received, on account of its main line and western branches, from the Dominion Government alone:—

In cash	...	...	...	...	\$29,416,000
In completed railway	...	...	...	...	35,000,000
In lands (acres)	...	...	...	...	26,710,000

Up to June 30, 1909, the company had disposed of a little over 18,500,000 acres (including that sold to the Dominion Government for the sum, less expenses, of \$60,548,000. The company had still in hand 8,204,000 acres, and since its average sales during the year then ended averaged \$13.70 per acre, the value of these remaining lands may be safely placed at \$11,000,000. Thus in money, or money's worth, the Canadian Pacific has received from the Dominion Government alone:—

In cash	...	...	...	...	\$29,416,000
In completed railways	...	...	...	...	35,000,000
In lands	...	...	...	...	71,548,000
Total					<hr/> \$135,964,000 <hr/>

This is equal to nearly \$24,000 per mile for the entire length of the Canadian Pacific Railway, including branches and spurs; while

in increased passenger earnings and a continuously expanding freight business, East as well as West. Most gain, however, has accrued to the protected manufacturers; for the inpouring into Canada since 1898 has tended to keep down wages in the manufacturing centres of Quebec and Ontario; it has added to the number of the urban population corralled by the National Policy; and, more important still, it has added enormously to the number of homesteaders in Manitoba, Saskatchewan and Alberta.

Immigration which adds to the urban population of the wage- or salary-earning class, under the National Policy, as a matter of course, increases the demand for the output of Canadian factories. But the newcomer from England or Scotland who settles in Montreal or Toronto, or in any of the towns or cities of Ontario, has not to spend nearly so much money in establishing himself in his new home as the immigrant who pushes beyond the wilderness that separates North Bay from Kenora and the Lake of the Woods, and establishes himself as a homesteader in any of the three prairie provinces.

"Any person who is the sole head of a family, or any male over eighteen years old," reads the North-West land regulations of the Dominion Government, may homestead a quarter section (one hundred and sixty acres) of available Dominion land in Manitoba,

the total capitalisation of the line is only a little more than \$38,000 per mile, and a good deal of that capital is in the form of stock, a large portion of which was purchased by present holders from 25 to 45 cents on the dollar. In other words, nearly 50 per cent. of the capitalisation of the company, as set forth in the official returns, was provided from the public treasury or the public estate; while the remaining 50 per cent., supplied from private sources, is largely water. And on top of all this, the Canadian Pacific has been, as Mr. Hays further points out, largely exempted from local taxation as well.—*Sun*, Toronto, July 20, 1910.

The average rate of taxation of railways per mile in the United States is \$382, almost four times the rate collected in Ontario.—*Sun*, Toronto, Aug. 17, 1910.

Saskatchewan or Alberta." "Six months' residence upon and cultivation of the land in each of three years" is the condition under which the quarter sections are allotted to settlers, although "a homesteader may live within nine miles of his homestead, on a farm of at least eighty acres, solely owned and occupied by him, or by his father, mother, son, daughter, brother or sister." A family that thus avails itself of the homestead law, and begins the cultivation of grain, comes at four stages of its enterprise under the National Policy. A home must be built; furniture must be bought; the farm must be equipped with tools and machinery; and thereafter supplies for the home and clothing and renewal of equipment constitute continual charges.

The free list is of obvious service to the homestead family that can afford only a shanty. Planks, boards, clapboards, laths and shingles and lumber dressed on one side only, but not further manufactured, are not protected by the National Policy. But boards that are jointed or tongued or grooved, so as to be available for flooring, pay a duty of 25 per cent.; and doors and window sashes and frames a duty of 17½ per cent. On bricks, necessary for a chimney even in a shanty, the duty is 22½ per cent.; on chimney pots, drain pipes, and tiles, 35 per cent. On dressed stone there is a duty of 20 per cent.; and on cement 12½ cents per 100 pounds. On nails the duty is 60 cents per 100 pounds; on builders' hardware—hinges, door and window fastenings and such metal requisites in house building—the duties average 30 per cent. The duty on bath and lavatory fittings is 35 per cent.; on wallpaper, 35 per cent.; on paint, 30 per cent.; and on white lead, 37½ per cent. Window glass pays a duty of 15 per cent., and "putty of all kinds," 25 per cent. As compensation, sand,

lime and water, requisite to the mixing of mortar, are all on the free list.

Settlers' household effects and farm implements that have been in use pay no duties. Many of the settlers from the north-western states are by this provision of the tariff enabled to homestead and begin as grain growers without much tribute being levied on them by the manufacturers of household furniture and agricultural implements. But a family that has carried nothing with it must buy furniture, on which the duty is 30 per cent.; sheets, pillow-cases and table-cloths at 30 per cent. in the general tariff and 20 per cent. under the British preference; blankets, of pure wool, 35 per cent. and $22\frac{1}{2}$ per cent.; not of pure wool, 35 and 30 per cent.; china, 30 and 15 per cent.; glassware, $32\frac{1}{2}$ and 20 per cent.; plated ware, 35 and $22\frac{1}{2}$ per cent.; knives and forks, 30 and 20 per cent.; and kitchen utensils—pots and pans—30 and 20 per cent.; and enamel ware, 35 and $22\frac{1}{2}$ per cent.

The burden of the National Policy on a homesteader when he builds and furnishes a home for his family can be estimated by any student of tariff schedules. The burden at the third stage, when the homesteader must equip himself for the business of grain growing, has been worked out in detail in the *Grain Growers' Guide*.*

To show more clearly the yearly toll the agricultural implement manufacturers of Canada exact from the farmers through the operation of the tariff, we prepared the following table of implements necessary for the proper cultivation of a quarter-section of land in the prairie provinces. The retail price varies at different points, and that given is only approximately correct. The appraised value, for the purpose of determining the duty to be paid when the size of the implement is given, is correct; while in others the average appraisement of different sizes is given:—

* "Homesteaders' Tariff Burden," *Grain Growers' Guide*, Oct. 5, 1910.

Article	Retail Price	Appraisement by Customs	% Duty	Duty Paid
Steel beam walking plough	\$26.00	\$15.00	20%	\$3.00
Breaking plough	28.00	16.00	20%	3.20
Two gang ploughs (14 in.)	160.00	102.00	20%	20.40
Sulky plough (16 in.) ...	60.00	33.00	20%	6.60
One set harrows	28.00	17.00	20%	3.40
One land roller (4 horse)	90.00	40.00	25%	10.00
One seeder (2 horse) ...	125.00	56.00	20%	11.20
One disc	75.00	24.00	25%	6.00
One cultivator	50.00	20.00	20%	4.00
One binder (8 ft.)	175.00	110.00	17½%	19.25
Two wagons	170.00	80.00	25%	20.00
One buggy	110.00	60.00	35%	21.00
Two sleighs	70.00	34.00	25%	8.50
One cutter	50.00	30.00	35%	10.50
One fanning mill	40.00	25.00	25%	6.25
One hay rake (10 ft.) ...	35.00	17.20	20%	3.45
One mower (6 ft.)	65.00	41.00	17½%	7.20
Harness for 8 horses ...	140.00	68.00	30%	20.40
One set buggy harness ...	25.00	15.00	30%	4.50
Sundry articles to the value of approximately ...	175.00	100.00	25%	25.00
Totals	<u>\$1,697.00</u>	<u>\$903.20</u>	<u>.....</u>	<u>\$213.85</u>

It may be argued that there are many homesteaders who do not use all the implements tabulated above. That, unfortunately, is true in hundreds of cases, and the want of proper and sufficient implements, due to the excessive cost, accounts largely for the bad cultivation and growth of weeds on the prairie farm, which we hear so much about. It might also be noted that the table shown provides for implements necessary on a grain farm only,* while if a farmer goes into raising stock and engages in mixed farming, he would necessarily have to get many more implements, which would increase the above by at least 50 per cent.

* Many homesteaders are exclusively grain growers. Grain is the only product they have to market. "The three Western provinces have a wheat area of 8,376,345 acres, an increase over last year's total of 1,222,595 acres. These provinces now have the bulk of the wheat area, and for the present year have made close on four-fifths of the increase. This shows that the tendency to specialise in wheat still continues."—"The Harvest Outlook," *Globe*, Toronto, June 21, 1910.

The amount the customs tariff imposes on the above enumerated list of implements figures out to \$213.85. It would be interesting to figure out what proportion of that \$213.85 goes to the Government and what to the agricultural implement manufacturers of Canada under our present tariff regulations.

The census of 1906, in the enumeration of manufacturers in Canada, gives the manufacture of agricultural implements that year at \$12,835,748. Canada exported that year farming implements to the extent of \$2,499,104, presumably leaving for use in Canada \$10,336,644 worth. That year we imported agricultural implements to the value of \$1,615,123, on which the Government collected a duty of \$323,024. It is now generally conceded that manufacturers add the full extent of their protection to the selling price of their product. Assuming that in 1906 the manufacturer of agricultural implements charged the full rate of their tariff protection on the \$10,336,644, the portion of their product retained in Canada, the Canadian farmers would give them \$2,067,326, compared to \$323,024 paid the Government. That is to say, the ratio of the amount paid to the manufacturers by reason of the tariff, leaving out fractions, is in the proportion of 86.14. In other words, in the year 1906 the Canadian farmers paid 86 cents to the agricultural manufacturer for every 14 cents he paid to the Government as revenue on his implements. Applying the same ratio to the \$213 set forth in the above table, the Government would get \$29.82 from the farmer, and the implement manufacturer \$183.18. But these implements must be renewed at least once in every ten years. Besides, the farmer must buy a large amount of repairs each year for his implements, on which he has to pay duty. Estimating the necessary repairs at \$50, the duty on which will average 25 per cent., or \$12.50, and a yearly average of \$20 duty paid for replacement of implements, his annual tribute to the manufacturer of farm implements will exceed \$30 per year over and above what the Government collects from him for revenue on implements. This is quite a respectable contribution which the rural population of Canada is compelled to make to the "modern barons" created under the "Feudalism" established by our fiscal system, and compares favourably with the annual levy made by the powerful barons of the middle ages.

The Western prairies have suffered on account of many

of our homesteaders not being able to properly equip their farms with the necessary implements, due to the excessive prices charged for them. No one will deny that if the annual tribute imposed upon our homesteaders by our "modern feudal barons" were diverted towards equipping our homesteads, the result would be an increase in the output of the farm, while the result is now that a few men, probably a score or so, are annexing to themselves more of the products of the farming community than is good for themselves and for the country in which they live.

Finally, in this examination of the four stages in a grain grower's career, at each of which he is compelled to carry the burden of the National Policy, and thereby contribute to a "well rounded development of the Dominion"—to carry the burden of a tariff from which it is conceded that he receives no protection in his industry—there is the continuous stage when the homesteader must provide household supplies and shoes and clothing for himself and his family, and also meet the cost of the upkeep of his home and farmstead and the renewal of farm machinery.

The extra burden of renewals due to the tariff is examined in the article quoted from the *Grain Growers' Guide*; and in the chapter on combines and mergers were given the duties on many articles of groceries and domestic supplies. The duties on clothing and boots and shoes are all that are necessary to complete this survey of the cost thrown upon homesteaders at this last and continuing stage of their enterprise.*

				General Tariff		British Preference
Grey cotton fabrics, unbleached	...	...	...	25	...	15
White cotton fabrics	...	...	...	25	...	17½
Printed, dyed or coloured cottons	...	...	...	32½	...	25
Manufactures of cotton, hemp or flax	...	...	...	35	...	25
Women's and children's dress goods of wool and worsted	...	...	...	25	...	15

* See "Protection: the Curse of Canada," J. A. Stevenson, *Grain Growers' Guide*, June 15, 1910.

	General Tariff	British Preference
Flannels	35	22½
Ready-made clothing of wool and worsted	35	30
Undershirts, drawers and knitted goods ...	35	30
Socks and stockings	35	25
Velvets and velveteens...	30	17½
Ribbons	35	22½
Silk goods...	37½	30
Mourning crapes...	20	12½
Boots and shoes, pegged or wire fastened	25	17½
Boots, shoes, slippers and insoles of any material	30	20
Rubber boots and shoes...	25	15
Rubber clothing	35	22½
Trunks, valises and carpet bags	30	20
Caps, capes, coats and cloaks of fur ...	35	20
Hats and caps	35	22½
Gloves and mits	35	22½
Braces or suspenders	36	22½
Umbrellas and parasols	35	22½
Boot and shoe laces	30	20
Collars and cuffs	37½	25
Feathers and artificial flowers for hats ...	30	20
Jewellery	35	22½
Shoe buttons	25	17½
Toilet combs	35	22½
Tobacco pipes	35	22½

"It is well within the limits to say," wrote Mr. E. C. Drury, of Crown Hill, Ontario, Master of the Dominion Grange, and secretary of the Dominion Council of Agriculture, in September, 1910, "that our protective tariff, directly and indirectly, costs the average farmer \$200, or the interest on \$4,000 per year. For this he receives nothing. It is this handicap which is preventing the farmer from expanding his business, and which is driving population from Ontario farms." *

* *Sun*, Toronto, Sept. 28, 1910. "From 1888 to 1908 the rural population of Ontario fell off 86,000, while during the same period the urban population increased 450,000. From 1898 to 1908 the rural population decreased nearly 64,000, while the urban population increased 306,818. Economic in the main, if not wholly, were the

"An attempt is being made," said the *Sun*, in commenting on Mr. Drury's letter, and also on the insistence at that time of the members of the Canadian Manufacturers' Association, that were there no tariff, direct taxation would be necessary to meet the expenses of the Dominion Government,* "to scare farmers away from the movement in favour of tariff reduction by raising the cry that it is a question between customs taxation and direct taxation. It is nothing of the kind. The question is between maintaining a tariff that is primarily designed to enable domestic manufacturers to charge more than a fair

causes of this depopulation and impoverishment. . . . If the farmer, realising the extent to which he was unjustly exploited, should use his political power to crush protection there would be disaster. 'Haman will be hanged on the gallows fifty cubits high which he built for Mordecai.'"—Address by Mr. Gordon Waldron, M.A., before the Canadian Club, Toronto, Nov. 14—*Globe*, Nov. 15, 1910.

* "We would never think of overturning a policy which has been the policy for so many years of the Dominion of Canada, raising its revenue by way of import duties, and while requiring to raise a specified amount of money, raising it in a manner that would protect Canadian interests and give employment to Canadian people. It is a very curious thing to me, Mr. President, to comprehend why men, clever in many other ways, could take objection to the fact that in the levying of duties they should be levied in a manner that will have two most beneficial results—one, supplying the needs of the country, and the other, developing its industries."—Speech by Mr. P. W. Ellis, of Toronto, in discussion of grain growers' revolt against the tariff, at the convention of the Canadian Manufacturers' Association, Vancouver, Sept. 20, 1910—*Industrial Canada*, October, 1910.

"Taxes must be imposed in some way, for revenue must be obtained to carry on the government of the country, to build railways, canals and other public works. If the money for such purposes is not raised by means of a customs tariff, it must be taken directly out of the pockets of the people by tax collectors. The aim of protectionist statesmen is to so adjust the tariff that, while yielding sufficient revenue, it will encourage the establishment of home industries, furnishing varied occupations for the people and creating a home market for farm products."—Watson Griffin, "Protection and Prices and the Farmers' Home Market," reprinted from *Industrial Canada*, 1906, p. 7.

"Who are the home consumers of farm products? Chiefly the people living in the cities, towns and villages which are built up by manufacturing industries. It is manifestly in the interest of the farmers of Canada to increase the manufacturing population in order to develop the home market."—Watson Griffin, "Protection and Prices," p. 41.

price for their products, and one designed to yield the maximum of revenue. But even were it otherwise, even if the proposal were to abolish customs duties, and substitute a direct tax, what of it? Under a system of customs taxation farmers would appear to be paying \$33 per capita more in taxation and unfair profits to protected manufacturers than they would pay in taxation alone with a system of direct taxation in force.* The farmer has his eyes open. He is informed. Direct taxation has no terrors for him."†

The burden so described by Mr. Drury, one of the foremost authorities on farm economy in Ontario, falls with much greater weight on the homestead in Manitoba, Saskatchewan and Alberta than on the farm in Ontario or in the Maritime Provinces—certainly in the earlier years of the grain grower's undertaking. For homesteaders with little capital, and especially for those who must serve an apprenticeship to grain growing, only patience, self-denial, close economy, social isolation, and continuous hard work can ensure success. A wonderfully large percentage does ultimately succeed; and these people secure for themselves a good living—as time goes on something more than a living—and an economic independence which abundantly repays the struggle of the early years. But not all homesteaders succeed. The loneliness and the toil break down many men who venture their all in the enterprise, and who go into it full of energy and hope. These failures, some

* "E. C. Drury, basing his calculation on the actual purchases of dutiable goods in a year, estimates that the present tariff system costs the average farmer \$200 a year. Assuming that the average farm family consists of five persons, that would amount to \$40 per head per annum. The total customs revenue for 1909, the last year for which official figures are available, amounted to \$48,000,000, or, say, \$7 per head on the basis of a population of 7,000,000."—*Sun*, Toronto, Oct. 5, 1910.

† *Sun*, Toronto, Oct. 5, 1910.

ending so direfully that mention of them finds its way into newspapers of cities as far away from the scene of failure as Toronto or Montreal, constitute the tragedy of pioneer life in the grain growing provinces.

The story of some of these tragedies might be told. Better here to tell the story of a struggle that does promise success, but that none the less tells of the hardship and the self-denial that the homesteader and his family must in many cases undergo to reach the goal—the much-coveted condition of economic independence. It is a story not of the long ago, but of August, 1910, the year of the revolt of the West. It is taken from the *Herald*, of Lethbridge, Alberta.*

Mrs. Clara Taylor, a member of the local Salvation Army corps, lives in Lethbridge with her family, while her husband stays on their homestead, thirty-five miles north of the city, improving it and putting in the residence duties required by the regulations. Like many other homesteaders Mr. Taylor's crop amounted to nothing. He is a carpenter by trade, and while on his homestead his weekly pay envelope is not forthcoming, and the sum he saved when last he was working has long since disappeared. To supply the ready cash to keep things going until he can leave, Mrs. Taylor puts in all the time she is able to spare from tending her family of five by scrubbing out stores and offices.

On Saturday night last she finished up her work for the day shortly after eleven o'clock, and then, with her arms full of groceries and other good things, she started to walk to her husband's homestead, thirty-five miles away, in order to spend Sunday with him. She walked all night, this brave woman, and arrived at her destination some time the next morning without making a single stop. But her work in town called her, and she was up early Monday morning and started on her return walk. She travelled ten or twelve miles when she was overtaken by the Sundial mail carrier, who gave her a lift and brought her into Lethbridge. At the Salvation Army barracks a 'phone

* Aug. 10, 1910.

message awaited her, and five minutes after her arrival she was off again with her mops and bucket.

Some day Mr. and Mrs. Taylor are going to possess one of the finest little 320-acre farms in Southern Alberta, and who will say that they, Mrs. Taylor in particular, do not deserve it?

Products of factories in Eastern Canada, chiefly in Quebec and Ontario, of an aggregate value of sixty million dollars were sent in 1907 into the provinces beyond Lake Superior;* and from 1900, when this trade began to assume large proportions, members of the Canadian Manufacturers' Association have continuously insisted that it was the duty of the Government at Ottawa to safeguard this market from American and British competition. The Tariff Commission of 1905-6 was repeatedly told by manufacturers that the trade of the prairie provinces ought to be theirs—of course, on their own terms—because they were Canadians, and the people of the West, if not all Canadians, were at any rate living in Canada.

At the Montreal convention of the Canadian Manufacturers' Association in 1908, nearly two years after the revision of the Fielding tariff, at which the organised farmers of Ontario and the prairie provinces achieved really important negative success, there was a speech from Mr. Louis Simpson, of Valleyfield, quite typical of the attitude of the manufacturers of Hamilton at the public sessions of the Tariff Commission of 1905-6 on this question of the reservation of the trade of the West for Eastern Canada. Mr. Simpson had appeared before the Commission at Montreal in November, 1905, and Valleyfield in December, 1905, to urge increased protection for the cotton mills of Valleyfield and Montreal against competition from Lancashire and New England.

* Cf. Speech by Sir Wilfrid Laurier, at Ottawa, April 18.—*Globe*, Toronto, April 19, 1908.

Said Mr. Simpson at the Montreal convention of the Manufacturers' Association:—

In the eastern part of Canada the manufacturers and those dependent upon them, including the farmers in the East, have, out of their pockets, paid millions of dollars towards the opening up of the West. It was the money of the East that bought the West in the first place.* It was the money of the East that enabled the C.P.R. to be built. It is the money of the East, very largely, that is enabling the Grand Trunk Pacific to be built. Because, if we have not actually found the money, it is our credit that has found the money. We are told by politicians that the tariff cannot be in any way altered, because the West won't have it. We are faced, therefore, with this problem: that after we have made the West—after we people in the East have made the West—the West is going to refuse aid to us. We have given them every chance of being. We have made it possible for them to make large profits in the growing of wheat. We have spent our money lavishly in giving them the means by which their produce can be taken to the markets of the Old Country, and, in return, they are determined to make things so that here in the East we cannot live.†

Much the same spirit, much the same manifestation of what Sir Richard Cartwright once stigmatised as "the barbaric instinct of the protectionist mind,"‡

* In 1869 the Dominion Government paid \$300,000 to the Hudson Bay Company for its rights over the land in the North-West.

† *Industrial Canada*, October, 1908.

‡ "Over a decade ago Sir Richard Cartwright stated that protection had cost the consumers of Canada more than France paid Germany in indemnity after the Franco-Prussian war. Sir Richard had excellent opportunities for judging the cost of the iniquity—let us take him at his word. But vast as has been the monetary loss, it is but a mere nothing compared with the moral loss. Think of the moral atrophy that must exist when one section of the business community openly states its desire to secure the right to take from another section, under the ægis of a protective tariff, as much as it can possibly aggregate unto itself. What a waste of energy in perverted ideals—what a waste in misguided effort—what a price we pay for protection—what a crime and iniquity the system has proved itself to Canada! Canada needs an awakening on the price she is paying for this burden of protection. Let the awakening come soon—let there be light."—L. E. Carp, "Wanted—Imagination and a Conscience," *Farm and Ranch Review*, Calgary, Nov. 5, 1910.

broke out at Vancouver in August, 1910, when the manufacturers of lumber petitioned Sir Wilfrid Laurier for more protection. In particular they asked the transfer, from the free list to the dutiable schedules, of lumber of the class that has been described as going into the building of the shanties and barns of the homesteaders in Manitoba, Saskatchewan and Alberta. They urged it on the ground that homesteaders came into Canada to improve their condition; that most of them succeeded in so doing; and that they were, therefore, not entitled to advantages under the free list.

The pioneer settlement of the prairie provinces, read the paragraphs in which it was urged that it was no longer necessary nor expedient from the point of view of the milling industry that boards and shingles should be continued on the free list, was accomplished in the face of much privation and hardship, and amid many discouragements; and lumber being a first requisite, it was the commendable policy of the Government to see that it could always be obtained at the lowest possible cost.

Conditions which existed a few years ago, however, as to lumber supplies have altogether changed. Where the settlers were dependent upon a few coast sawmills for their supply of lumber, the lumber mills here have been very largely augmented. Further, a great number of mills are now being operated in the mountain districts of British Columbia, whose output goes entirely to the prairies, and, in addition to this, the spruce mills along the Saskatchewan river are now furnishing upwards of 100,000,000 feet per year to the prairies.

Conditions affecting immigration into and settlement of our new districts are completely changed, and are now robbed of their former terrors.

The majority of settlers who live in the Western agricultural sections of our country for a few years become independent, and in many cases wealthy, and those now coming in are of a class which requires no special favours or assistance. These immigrants are not paupers or semi-paupers seeking a haven in our country from unhappy conditions in their own, but are people of means and in-

telligence, coming to invest in the splendid opportunities which are available in our unoccupied agricultural districts.

In view of the foregoing considerations, the lumber manufacturers who have waited long and patiently for a readjustment of the tariff, which would put them on a parity with other industries, feel that the time has arrived when their industry, the largest and most important one in British Columbia, should no longer be singled out as it has been to work under discriminating regulations for the particular benefit of other provinces of our Dominion.*

What the additional protection urged by the lumbermen would mean for the people of the prairie provinces was explained to Sir Wilfrid Laurier a week later, when he was waited upon by a deputation of trade unionists representing the Trades and Labour Council of New Westminster, British Columbia.

"We notice," said the trade unionists in their memorial to the Premier, "that you have been interviewed by representatives from the British Columbia Shingle and Lumber Manufacturers' Association, Limited. This association, their assertions notwithstanding, practically control the lumber production of the province, and therefore have all the essentials of a trust. The members of this trust have practically grabbed all the available timber land of the province. When they discovered that they had grabbed more than they could utilise within the life of their leases they succeeded in securing from the Provincial Government the changing of their leases from twenty-one years to perpetuity, and if they prevail on your Government to give them the protection they desire, their trust will also have absolute control of the supply of lumber to the citizens of Canada as far east as Winnipeg."†

* *News Advertiser*, Vancouver, Aug. 18, 1910.

† Memorial from Trades and Labour Council of New Westminster, presented by Mr. A. B. Christie and Mr. Frank Kerwin, to Sir Wilfrid Laurier, Aug. 23.—*Province*, Vancouver, Aug. 24, 1910.

All protection is in its nature oligarchical.* It does not benefit the people. It benefits a small group of people.† The New Feudalism in Canada exists and is organised and equipped to exploit; and nothing could more adequately exemplify the spirit in which the tariff division of the New Feudalism, with the aid of combines and mergers and gentlemen's agreements, would exploit to the full the grain growers of the prairie provinces than the outburst of the disgruntled stove manufacturer at the Toronto convention of the Canadian Manufacturers' Association in 1907, the utterances of Mr. Louis Simpson at the convention of 1908, and the plea of the men of the lumber mill industry which was pressed on Sir Wilfrid Laurier at Vancouver in August, 1910.

* "To think," said the *Grain Growers' Guide* (Feb. 9, 1910) in commenting on the speech of Mr. G. M. Murray, secretary of the Canadian Manufacturers' Association, at a banquet at Winnipeg on Feb. 7, 1910, "that 2,500 men in Canada claim that they are able to make the grass grow in the streets of this whole great country is something for every sane man to consider. It is the most astounding challenge that has been hurled at the public in many years. The contemplation of such a situation may well, in the words of Paul Kruger, 'stagger humanity.' And yet, the more we consider it, the more we realise how true that statement is. The manufacturers realised that without organisation Governments would pay little heed to them. It is worthy of notice that the organised manufacturers have no political leanings. Whatever party is in power is the one they go after."

† Cf. Sir Hugh Bell, "Tariff and Wages," *Yorkshire Post*, April 28, 1908.

CHAPTER X

THE FARMERS' ORGANISATIONS OF ONTARIO AND THE PRAIRIE PROVINCES

"In Canada the time is opportune for a revival of Liberalism both in Parliament and among the people. Our public men and the leaders and moulders of public opinion throughout Canada would do well were they to have their own views clarified and their grip on principles strengthened. They would then be ready and they would be willing to lead in a campaign of ideas that would lift our politics out of the ruck of party squabbles and the lust for spoils, and make political service attractive to high-minded and strong-brained young men."—*Globe*, Toronto, Feb. 2, 1905.

"Possibly no single event or condition in rural life during the history of the province of Saskatchewan has stood out more conspicuously than the successful and efficient manner in which farmers have organised in self-interest and self-protection during recent years. It was in 1901 that this spirit of organisation first manifested itself under the banner of the Grain Growers' Association; and gradually but surely this organisation has become stronger, more alert and more widespread, until to-day it has become a mighty force in the land, admired by its friends and dreaded by its enemies. Very largely at least, through the efforts and struggles of this association, farmers are to-day receiving a price for their grain nearer Fort William prices than at any previous period in our experience. During the last ten years a constant evolution has been taking place in the betterment and uplift of rural conditions."—MR. W. R. MOTHERWELL, Minister of Agriculture for Saskatchewan, at convention of agricultural societies, Regina, Jan. 26, 1910.

THE farmers and grain growers organisations of Ontario, Manitoba, Saskatchewan and Alberta, which in 1910 are in revolt against the New Feudalism, have been variously described both in Canada and in England. While Sir Wilfrid Laurier was still in the West, and still receiving deputations from the grain growers protesting against the tariff of 1907, the Ottawa correspondent of the *Times* cabled to London* that "the farmers deputations to Sir Wilfrid Laurier had no special significance."†

* Aug. 17, 1910.

† "Whose views would have 'special significance' if those of Western Canadian farmers have none? For one thing, they are

Colonel George T. Denison, long the champion of the ultra-imperialist cause in Toronto,* in a letter to the *Globe*, described the movement as one of farmers who desired to escape their fair share of taxation; and at the convention of the Canadian Manufacturers' Association, at Vancouver, in September, 1910, the revolt in the prairie provinces was stigmatised as "a sectional, parochial little meeting of grain growers."†

Only in the provinces which lie between the Ottawa River and the Rocky Mountains are farmers and grain growers organised. In these four provinces there are (in 1910) six distinct organisations. Taking them in the order of their establishment, they are: (1) The Dominion Grange of Ontario, which has been in existence since 1880; (2) the Saskatchewan Grain Growers' Association, established in 1901; (3) the Manitoba Grain Growers' Association, established in 1903; (4) the Alberta Society of Equity, organised in 1904, the Alberta Farmers' Association, organised in 1905 (two organisations which were merged in 1909 self-respecting in their demands. They ask for neither preference nor privilege. All they want is a fair chance and no favours. They beg no preference for their products in the markets of Britain. All they ask is that the Government ease their tariff burdens, and secure to them a square deal from the elevator and transportation companies. Presently Canada will discover that the balance of political power has shifted to the west of Lake Superior. Over all that vast area, from the Great Lakes to the Rockies, the farmers will dominate. They will be the power behind their provincial legislatures. They will be a compelling voice in the Federal Parliament. If misrepresenting their opinions in England would be 'a perilous game' for the Empire, it would be even more a piece of madness for political leaders in Canada to underrate the range and power of free trade sentiment. For the Liberal party it would mean inevitable disaster."—*Globe*, Toronto, Aug. 9, 1910.

* Cf. "The Struggle for Imperial Unity: Recollections and Experiences," Colonel G. T. Denison, 1909.

† Newspaper talk was not at all desirable, in the view of Mr. W. C. Phillips, of Montreal. He went on to remark that the convention should not take notice of the utterances of a "sectional, parochial little meeting of grain growers."—Report of discussion at convention of Canadian Manufacturers' Association, on "Revolt in Grain Growing Provinces against the Tariff," *Daily Province*, Vancouver, Sept. 21, 1910.

into the United Farmers of Alberta); (5) the Inter-Provincial Council of Grain Growers, organised at Saskatoon in 1908; and (6) the Canadian Council of Agriculture, with headquarters at Toronto, which came into existence in 1909.

Ninety granges in Ontario are of the Dominion Grange, and there are now also affiliated with it the Farmers' Association of Ontario* and a number of farmers' clubs and dairymen's and stock breeders' associations. Three thousand Ontario agriculturists are in this way connected with the grange movement and associated in the revolt against the tariff of 1907.

The Dominion Grange did not join forces on the tariff question with the grain growers until September, 1910. The demonstrations against the tariff when Sir Wilfrid Laurier was in the West were organised by the grain growers; but the Ontario granges sent deputations to the Tariff Commission of 1905-6 to urge that there be no curtailment of the British preference, and that as regards woollens the preference be put back to the level of 1904; to insist that there be no increase in duties in compliance with the demand of the Canadian Manufacturers' Association for duties on the Dingley level; and also to protest against a re-enactment of the law bestowing bounties on the iron and steel industry.

Between the revision of the tariff in 1907 and the revolt of the grain growers in July and August, 1910, the granges of Ontario directed their political activity chiefly against the iron and steel bounties, which were extended for another four years in 1906, and against combines and mergers to enable manufacturers more securely to exact the full statutory toll of the tariff.

The measure of success attending the activities of

* Cf. *Globe*, Toronto, Sept. 5, 1907.

the granges of Ontario at the time the Tariff Commission was on its rounds, and also the movement against bounties for iron and steel and mergers and combines in every industry protected by the tariff, have been described earlier in these pages. Only one other aspect of the activity of the Ontario granges from 1907 to 1910 remains to be noticed. Early in 1910 Mr. E. C. Drury, president of the Dominion Grange, acting for that organisation, published a letter in England stating the attitude of the grange towards the preference for Great Britain in the Dominion tariff, and also towards the movement for a protective tariff in England with preferences for grain and food-stuffs exported from Canada. The letter, which was addressed to Mr. Lloyd George, Chancellor of the Exchequer, was as follows :

It is brought to my notice that in your campaign your opponents are using the statement that the colonies are demanding preferential treatment for their foodstuffs in the British markets. As head of the Dominion Grange, an organisation of farmers covering Ontario, and in affiliation with farmers' organisations in other provinces, I am in a position to speak with authority for the farming class of Canada, and I would desire most emphatically to contradict the above statement as far as the farmers of Canada are concerned. We are not troubling ourselves as to preferential treatment in the British market, which we realise would work harm to the consuming masses in Britain, and would ultimately injure us by injuring our market. On the other hand, our organisations have taken a stand favouring the admission of British goods free of duty into Canada, both as an act of patriotism toward England and as affording us some relief from the oppressions of combines and trusts which have grown up in the shelter of our protective tariff among our manufacturers. The cry for preferential treatment in Britain, so far as Canada is concerned, originated with our protectionist manufacturers, who desire the triumph of protection in England to strengthen their position here ; but the preference in England they would be willing to give British manufacturers would be a sham—a duty lower

than that given to other countries, but still high enough to give control of Canadian markets to Canadian manufacturers, as they have frequently affirmed by resolutions in their association. The farmers of Canada are engaged in a life-and-death struggle with the combines which have grown up under our tariff, and no greater evil could befall them than the triumph of protectionism in England, as it could not help but strengthen the hands of the protectionist element here.*

All the organisations in the grain growing provinces are of much more recent origin than the granges of Ontario. Economic and social conditions, and also transportation problems, in the West are different from those of Ontario; and it has followed that the grain growers' associations have had wider aims than the granges in the older province. The associations in each of the three provinces west of Lake Superior came into existence to remedy conditions burdensome to grain growers which date back as far as 1886. They were organised (1) to free grain growers from the exactions of elevator owners at shipping points and also at Fort William and Port Arthur,† (2) to relieve grain growers from the

* *Globe*, Toronto, Jan. 15, 1910.

† "No sooner was the Canadian Pacific Railway ready to transport the grain grown in the Western provinces than they made regulations giving standard elevator owners full monopoly of the grain trade, so that, no matter what quantity of grain a farmer produced, in order to get it to the consuming market he had to pass it through an elevator. The natural outcome of such conditions was that the owners of the elevators could get together and dictate the terms on which they received grain for storage and shipment." —"How the Monopoly Began," *Grain Growers' Guide*, Nov. 10, 1909.

"Mr. D. C. Cameron, president of the Rat Portage Lumber Company, has complained to the Railway Commission that the Canadian Northern Railway Company has systematically handicapped his firm by refusing to transport sawlogs from Rainy River to St. Boniface in quantities sufficient to keep the sawmill there in operation for more than one-third of each year, and that the logs are rotting in the woods and on the railway sidings. Mr. Cameron also informed the Commission that when he appealed to Mr. D. D. Mann personally for relief he was told bluntly that he would get no better service in the future than he had received in the past.

exactions of a combine which existed among grain buyers at Winnipeg,* and (3) to work for lower railway rates from interior shipping points to the railway terminals on Lake Superior, whence grain from the West is carried by water to Buffalo ~~to~~ Montreal.†

"As the farmers were gradually getting over the pioneer stage of farming, and beginning to give more time and study to these questions," reads a brief history of the grain growers' movement,‡ "they soon recognised what other producing classes had accomplished through organisation, and realised that relief

Mr. Mann is vice-president of the Canadian Northern Company, and presumably he speaks for it with authority on such a matter of policy as the one raised by Mr. Cameron. It appears to be Mr. Mann's theory that the Canadian Northern Railway is the absolute property of the Canadian Northern Company."—"A Serious Charge," *Globe*, Toronto, Sept. 26, 1910.

* "The grain trade of Western Canada is controlled by members of the Winnipeg Grain Exchange, which held a charter granted by the provincial legislature of Manitoba. The powers granted under that charter were of such a character that they could be used to form a monopoly of the grain trade to the members of the Exchange."—*Grain Growers' Guide*, Nov. 9, 1909.

† "The annual statement of the Canadian Pacific Railway Company for the year ending June 30, 1910, contains some gratifying facts for shareholders. It is also replete with warnings against the folly of continuing the policy of railway subsidising which has proved such a fat thing for the first of our transcontinental railways. The total earnings of the company for the year were nearly \$95,000,000. The surplus over earnings, fixed charges, pension fund and steamship replacement account was \$26,250,000. After paying dividends of 6½ per cent. on common stock, much of which was secured by present holders at 25 cents on the dollar, there is a net surplus for the year of nearly \$14,000,000. The Canadian Pacific Railway has been a veritable gold mine for the promoters. It is also a valuable experience for the people of Canada who have more than paid for the property which the promoters now own."—*Sun*, Toronto, Sept. 21, 1910.

"The great bulk of these (Canadian Pacific Railway) piled-up surplus-capped mountains of earnings consists of exorbitant freight rates. The West is levied upon more heavily than the East to provide these treasure mountains for the Canadian Pacific Railway. Surely the time has come for action to compel some nearer approach to a square deal."—*Free Press*, Winnipeg, Oct. 28, 1910.

"The question of Western freight rates has been raised, and it will not down till they have been either justified or reduced. This is the biggest problem before the people of Western Canada."—*Industrial Canada*, October, 1910.

‡ *Grain Growers' Guide*, Nov. 10, 1909.

from existing conditions could only be secured by the farmers organising, and in this way becoming articulate and able to present their views directly to the Government. A meeting of the farmers of Saskatchewan was called at Indian Head, which resulted in the formation of the Grain Growers' Association of Saskatchewan. No sooner was their action made known to the farmers of Manitoba than a similar association was organised in Manitoba. Shortly after the farmers of Manitoba and Saskatchewan had organised, a branch of the American Society of Equity was organised in Alberta. A little later the Alberta Farmers' Association was organised, also in Alberta. The two latter continued to gain strength until the winter of 1909, when they merged into one organisation called the United Farmers of Alberta."

The first of the associations—that which came into existence at Indian Head, Saskatchewan—was formed only in December, 1901;* but the grievances of which the grain growers complained were burdensome and common to all three provinces. New recruits came in quickly as the usefulness of organisation became manifest; and in July and August, 1910, when Sir Wilfrid Laurier was in the prairie provinces, there were, of the Manitoba association, 9,000 members in 196 local associations; in Saskatchewan, 6,000 members in 263 local associations;

* "When it is considered that this great organisation of farmers has become welded solidly in less than nine years, the scope of development may be appreciated. The first meeting to organise a grain growers' association was held at Indian Head, Dec. 18, 1901, with twenty persons present. Like the heavy train which makes a start with difficulty and gathers speed slowly, the Grain Growers and the United Farmers have progressed until they have gathered a momentum that is carrying them along at record speed. The adage that nothing succeeds like success is working out, and where it was once necessary to press farmers to join they are now coming forward voluntarily and eagerly. There is a magnificent future in store for the association, and possibilities for justice and reform that no man can forecast."—*Grain Growers' Guide*, April 6, 1910.

and of the United Farmers of Alberta, 8,500 members in 183 local unions.

The movement for the formation of an Inter-Provincial Grain Growers' Council began with the United Farmers of Alberta early in 1908. The grain growers' associations of Manitoba and Saskatchewan promptly came into the confederation, which is composed of the three executive committees of the provincial organisations. Towards the end of 1909 the Canadian Council of Agriculture, which developed out of the grange movement in Ontario, came into existence. The Western associations at once realised the value of an organisation Dominion-wide in its scope and aims; and in the winter of 1909-10 all the three prairie province organisations associated themselves with the Canadian Council of Agriculture,* which consists of the executives of the Dominion Grange of Ontario, the Manitoba Grain Growers' Association, the Saskatchewan Grain Growers' Association, and the United Farmers of Alberta.

The three Western organisations drew many new members into their ranks after the demonstrations when Sir Wilfrid Laurier was in the West; but, taking the membership of the associations and of

* "The objects of the association shall be: (a) To organise the farm population of the Dominion for the study of social and economic problems having a bearing on the happiness and material prosperity of the people. (b) To collect such material from scientific and literary sources, the annals of class movements, and the records of legislative enactments in our own and other countries, as are necessary for the proper information of our people, and disseminate the same. (c) To formulate our demands for legislation and present them through the officers of the association to the notice of Parliament and our different legislative bodies. (d) To encourage the entry of our farmers into active membership in one or other of the political associations according to individual predisposition as a means to make the political parties, without distinction, responsible to and representative of the demands of the people who form the bulk of the population. (e) To urge the adoption of co-operative methods by our members (but outside our association) in the purchase and sale of commodities, that equity may be established in the business of exchange."—*Grain Growers' Guide*, Dec. 22, 1909.

the granges of Ontario at the figure at which it stood at that time, it will be seen that 26,500 well-organised farmers, with the *Sun*, of Toronto, and the *Grain Growers' Guide*, of Winnipeg, as their journalistic spokesmen, are of the revolt in 1910 against the National Policy of the Laurier Government and the statutory privileges which that policy bestows on the tariff beneficiaries' order of the New Feudalism.

Only two of the six organisations—the Inter-Provincial Council of Grain Growers (established in 1908) and the Canadian Council of Agriculture (organised in 1909)—had had no part in agitations against the National Policy previous to 1910, for grain growers' associations in all the prairie provinces sent deputations to the Tariff Commission of 1905-6, which took almost exactly the same attitude towards the revision of the tariff as did the granges of Ontario.

Between 1905 and 1910 the grain growers' associations were not so continuously active against the National Policy as the granges of Ontario. The grain growers were then engaged in their struggle with the grain buyers' combination and with the elevator monopolists. They broke the power of the grain buyers by a co-operative organisation formed within the grain growers' associations, and in Manitoba they secured the enactment of a law under which, on petition from a majority of grain growers in any township, the Provincial Government must provide elevator accommodation adjacent to the railway.*

So far, in the solution of what are exclusively grain-growing province problems, the grain growers' most remarkable achievement has been in marketing

* "Latest returns from the Manitoba Elevator Commission show that twenty-one elevators have been acquired by purchase, while ten are being erected."—*Grain Growers' Guide*, Aug. 17, 1910.

grain. They are no longer at the mercy of the grain buyers, for in 1905 a company was organised, on a co-operative basis, to handle the business previously a monopoly of the grain buyers of Winnipeg. There were in 1910, 9,000 shareholders in the Grain Growers' Grain Company. All three provinces were represented among the shareholders. The shares, which are of \$25 each, can be held only by farmers, farmers' wives, and farmers' sons over eighteen years of age. No person can hold more than four shares, and no shareholder has more than one vote. During the season of 1909-10 the company handled 16,000,000 bushels of grain, chartered its own steamers from Montreal, and distributed \$95,000 of profits.*

Resulting from this success in the handling of grain, a smaller company, similarly organised, came into existence in 1908 to start the *Grain-Growers' Guide*, a journal that serves the grain-growers' movement much in the same spirit and the same capacity as the *Co-operative News*, of Manchester, has served the co-operative movement in England since 1871. Until August, 1909, the *Guide* was issued monthly, and was little more than a grain trade circular. Then it became a weekly journal. Its scope and aims were enlarged, and at the time of the revolt of the West against the National Policy it was going every week into the homes of twenty thousand farmers and grain

* "A provision in the rules of the Winnipeg Grain Exchange, which compelled all members to charge 1 cent per bushel commission on all grain bought or sold, gave the Grain Growers' Grain Company a great chance to make a successful start. The promoters of the movement recognised that if the members of the organisation would consign their grain to their own agency in sufficient volume, the 1 cent per bushel commission would not only pay all expenses, but would provide a fund that could be used for extending the organisation and inaugurating a campaign of education without any cost whatever to the members. Their anticipation in this respect has been amply justified, as, without the revenue derived from this source, which is a fixture, the organisation could not be in the position it is in to-day."—*Grain Growers' Guide*, Nov. 10, 1909.

growers in the provinces of Manitoba, Saskatchewan and Alberta.

From the Dominion Government in 1908 the grain growers secured an amendment to the Manitoba Grain Act of 1900—an enactment of the Parliament at Ottawa—which gives a grain grower the same right to a car in shipping his products as is conceded under the railway code to the producer of any other commodity; and following this success at Ottawa the associations petitioned the Dominion Government to take over the terminal elevators at the lake ports, and operate them in the public interest.*

With this series of successes secured the associations in all three provinces next turned their attention to the tariff of 1907. First they assailed the duties on wire, which range from 10 to 25 per cent.; next they demanded that all farm implements should be admitted duty free; and it was also urged that the Dominion Government should accept the offer of reciprocity in farm implements embodied in the Payne-Aldrich tariff enacted at Washington in August, 1909.† About this time it began to be complained that farm machinery made in Ontario was sold in Great Britain at prices from 10 to 30 per cent. lower than similar machinery from the same factories was sold in the prairie provinces.‡

Next came the astounding boast of Mr. G. M. Murray, secretary of the Canadian Manufacturers' Association at Winnipeg,§ that the Canadian Manufacturers' Association was "like a young giant ignorant of its own power"; that by the exercise of its power "it could if it chose bring several millions

* Cf. "How the Monopoly Began," *Grain Growers' Guide*, Nov. 10, 1909.

† Cf. Annual convention, United Farmers of Alberta, Jan. 19-21, 1910.—*Grain Growers' Guide*, Feb. 2, 1910.

‡ Convention of Saskatchewan Grain Growers at Prince Albert, Feb. 9-11, 1910.—*Grain Growers' Guide*, Feb. 16, 1910.

§ Feb. 9, 1910.

of people to the verge of starvation and paralyse the industry of the whole Dominion."* Soon after this audacious challenge, which will be as memorable in the tariff history of Canada as the Haman's gallows outburst at Toronto in 1907,† there was the announcement that Sir Wilfrid Laurier was to make a political progress through the West at the end of the Parliamentary session of 1909-10; and the result of this series of developments was that from January to August, 1910, the tariff was more assailed in the grain growing provinces than at any time since Mr. Clifford Sifton was leading the revolt against the agricultural implements schedule in the Conservative tariff of 1894, and pledging the Liberal party up to the hilt to "wipe off the statute book the villainous protection policy" which had stunted the prosperity of the whole country, and "taken the heart's blood out of the people of Manitoba."

* "We wish that every one of the 800,000 farmers in Canada could have this statement, made by the secretary of the Manufacturers' Association, to consider. It will be well to have it printed in flaming letters and hung in every farm house in Canada, from the Atlantic to the Pacific. It would be an interesting thing for the farmer and his family to read whenever they purchased a binder or a plough or a carriage or other manufactured articles, the price of which was enhanced by a high tariff. Then the farmer would consider what keeps the tariff up and who benefits by the tariff. The tariff on these manufactured articles, which the farmer is compelled to buy, is kept there mainly by the influence of, and for the benefit of, these 2,500 men represented by the Canadian Manufacturers' Association. It would be still more interesting matter for the farmers when they learned that these articles for which they paid high prices, undoubtedly enhanced through the influence of the manufacturer, were being sold in foreign countries at much lower prices than in Canada."—*Grain Growers' Guide*, Feb. 9, 1910.

† Old Haman built a gallows once full fifty cubits high,
On which he planned to hang a chap whose name was Mordecai!
But something busted up the scheme; the King played fast
and loose,
And when the hanging up was done, 'twas Haman in the noose
These facts we merely mention here for Mr. Gurney's aid.
He wants a tariff just as high as Haman's gallows made.
If history repeats itself, say, wouldn't it be sad
Should Mr. Gurney get what put poor Haman to the bad?
—*Star*, Toronto, Sept. 27, 1907

CHAPTER XI

SIR WILFRID LAURIER OF 1893 AND OF 1910

"The farmers of Manitoba have been forced to pay tribute to the manufacturers of the East. Manitoba would hail with joy the day when it would be freed from the incubus of the National Policy."—SIR WILFRID LAURIER, National Liberal Convention, June 21, 1893.

"I believe that the people of the North-West will respond to this policy, and will express their confidence in our leader. We hope and trust that Mr. Laurier will take the opportunity to visit the Hope of Canada, the great North-West, in the near future. To see and to hear our leader is to have confidence in him."—MR. J. H. ROSS, Speaker of the Legislative Assembly of the North-West Territories, National Liberal Convention, June 21, 1893.

"Laurier is coming West to complete his education, and the grain growers will play a goodly part in this work."—*Grain Growers' Guide*, June 29, 1910.

"I do not know that I ever enjoyed a trip more. It has been like a revelation and an education."—SIR WILFRID LAURIER at Golden, British Columbia, Aug. 15, 1910.

IN response to the invitation from Manitoba and the North-West, in response to the invitation extended in such cordial terms at the National Liberal Convention of 1893, Sir Wilfrid Laurier visited the West in the autumn of 1894. It was then that he made the memorable speech at Winnipeg which was so frequently brought to his attention when he was in the prairie provinces in the summer of 1910. Recalling the attitude of the Liberal party towards protection, and in particular the declaration against protection in the Ottawa programme, Sir Wilfrid Laurier, at Winnipeg, on Sept. 2, 1894, said:

"We stand for freedom. I denounce the policy of protection as bondage—yea, bondage; and I refer to bondage in the same manner in which American slavery was bondage. Not in the same degree, perhaps, but in the same manner. In the same manner the people of Canada, the inhabitants of the city of Winnipeg especially, are toiling for a master

who takes away not every cent of profit but a very large percentage, a very large portion of your earnings for which you sweat and toil."

Much had happened between this stirring speech at Winnipeg in 1894 and the announcement in the *Grain Growers' Guide* of June 29, 1910, that the Premier was coming to the West. After being continuously in opposition from 1878, after having been for eighteen years the steadfast and vigorous opponents of the New Feudalism as then allied with the Conservative party, the Liberals, with Sir Wilfrid Laurier as their leader, were returned to power at the general election of June, 1896.

Great were the expectations popularly entertained all over the Dominion of long over-due reforms that would follow the change in Government. Great as these expectations were, they were amply warranted by the speeches and votes of the Liberals in opposition, and, above all, by the many pledges of reform embodied in the Liberal programme of 1893. The opportunity of Sir Wilfrid Laurier and the Liberal party after the general election of 1896 was greater and more obvious than that of any progressive party that ever attained to power in England, in Canada, or in any of the other of the oversea dominions. The opportunity that then presented itself to Sir Wilfrid Laurier, and to Sir Richard Cartwright, the ablest of his lieutenants—intellectually perhaps the ablest man ever associated with the Liberal party in Dominion politics—was greater even than that of Grey, Durham, Russell, Althorp and Graham when the Wellington administration collapsed at the opening of the Parliamentary session of 1830.

No extension of the Parliamentary franchise was necessary in Canada in 1896.* But the grip of the

* "I am glad to say that though Canada is suffering many ills and woes, they do not arise from constitutional defects."—Sir W. Laurier, National Liberal Convention, 1893.

tariff beneficiaries order of the New Feudalism needed to be loosened from the Parliamentary institutions of the Dominion.* The Senate was in need of reform; for its only service to the Dominion was that it added to the political patronage of the Government, and enabled it to repay subscriptions for campaign expenses and to provide for party workers who failed of election to the House of Commons.† Economy was needed in Dominion expenditure.‡ Reforms were necessary to rectify gerrymandering of the constituencies, and also to ensure purity of elections.§ Exploiters of railway subsidies needed warning off the Dominion Treasury.|| One-half the

* "The ills of Canada to-day are not constitutional. They are altogether of an economic nature."—Sir W. Laurier, National Liberal Convention, 1893.

† "The Senate as now constituted is the weakest point in our constitution."—Sir Oliver Mowat, Chairman, National Liberal Convention, 1893.

"The present constitution of the Senate is inconsistent with the federal principle in our system of government, and is in other respects defective, as it makes the Senate independent of the people, and uncontrolled by the public opinion of the country, and should be so amended as to bring it into harmony with the principles of popular government."—Ottawa Liberal programme, 1893.

"Liberals remember how they resented the stuffing of the Senate prior to 1896 with Conservatives, and they are keenly desirous that the party shall not leave office without making an honest effort to mend the system of choosing Senators."—*Globe*, Toronto, Nov. 8, 1910.

‡ "We cannot but view with alarm the large increase of the public debt and of the controllable annual expenditure of the Dominion, and the consequent undue taxation of the people under the Governments that have been continuously in power since 1878, and we demand the strictest economy in the administration of the government of the country."—Resolution, National Liberal Convention, 1893.

§ "We are agreed as to the iniquity of such gerrymandering of the constituencies and as to the iniquity and inconveniences of such a Franchise Act as disgraces the Dominion statute book."—Sir Oliver Mowat, National Liberal Convention, 1893.

"Again I denounce this other infamy, the system of gerrymandering."—Sir W. Laurier, National Liberal Convention, 1893.

|| "We arraign the Government for retaining in office a minister of the Crown proved to have accepted very large contributions of money for election purposes from the funds of a railway company, which, while paying the political contributions to him, a member of the Government, with one hand, was receiving Government subsidies with the other."—Resolution at National Liberal Convention, 1893.

daily press of the Dominion—the half that then happened to be allied with the Conservative party—needed freeing from the control of the Government.* There was pressing need of a reform of the civil service, of an end to the patronage list, and of an immediate and thorough cleaning-up of all the spending departments at Ottawa.†

These reforms were the tasks that confronted the Laurier Government when it came into power in 1896. Greatest and most imperative, and the reform most popularly demanded, was such a change in the tariff as should relieve the people of the burdens and the notorious corruption of the National Policy of the Conservatives,‡ a relief that could only come with the ending of the close connection between the New Feudalism and the political party in control of the Government at Ottawa.

Sir Wilfrid Laurier's opportunity was greater than that of Earl Grey in 1830; and there were no

* "Here in Canada we have a Government which does not hesitate deliberately to poison and corrupt the very sources of information from which alone the ordinary voter can learn how public affairs are being administered, and whether he be well or ill served by those to whom he must perforce entrust the guardianship of his interests; and I say that of all the corrupt acts of the Government, of all the signs of the degradation and debasement of public opinion which are everywhere manifest, there is not one act so fraught with evil consequences, not one sign so significant of degradation, as the manner in which the public press has been openly and systematically debauched year after year, with the full knowledge and apparently the full approbation of almost every class of the well-to-do supporters of the Government, and with very few evidences of any great disapproval even on the part of those who were not its supporters."—Sir R. Cartwright, 1893.

† "The Convention deplores the gross corruption in the management and expenditure of public moneys which for years past has existed under the rule of the Conservative party, and the revelations of which by the different Parliamentary committees of inquiry have brought disgrace upon the fair name of Canada."—Resolution, National Liberal Convention, 1893.

‡ "I have only to say that you now go before the people with such proofs as I think were never laid before any community in the world, as to the results that have followed the system of protection, and of the corruption which has prevailed in Canada for so many years."—Sir R. Cartwright, National Liberal Convention, 1893.

such obstacles to his making the fullest use of his splendid opportunity as there were when Earl Grey was confronted with the task of reforming Parliamentary representation. But there did exist the bargain of June, 1896, with the protected manufacturers of Toronto. The New Feudalism, between 1894 and the general election of 1896, had realised that the Conservative party was at the end of its tether. Conservative politicians at Ottawa were quarrelling among themselves. They were openly stigmatising each other as traitors. They were distrustful and weary of each other; and, more serious still, from the point of view of the New Feudalism that had been using them since 1879, the country was manifestly weary of the National Policy and of the political party that had fastened the National Policy on the Dominion.

The embarrassments of the Conservative party had made it necessary to delay to the last moment the general election of 1896. With that election impending the New Feudalism was confronted with a crisis of the kind which, according to Dr. Macphail, can alone bring about changes in the Government at Ottawa. "We are living," he wrote in 1909, "under a Government of an interested class, that find a party in power and keep it there, until it becomes too corrupt to be kept there any longer, when it seizes upon the other party and proceeds to corrupt it."

Dr. Macphail here accurately describes what happened on the eve of the general election of 1896. The New Feudalism knows no politics but the politics of business—politics that are aimed at its own aggrandisement and at strengthening its entrenchments and its outworks.* The Liberals in 1896, going

* "We all concur in everything Mr. Hendry said with regard to protection, and it is perhaps unnecessary, therefore, for me to take up much of your time in further argument upon this subject.

to the country as they did on the Ottawa programme, and under political conditions more favourable to them than at any general election since Confederation, did not need the aid and patronage of the New Feudalism, which was much less powerful in 1896 than it is in 1910.

Some large campaign subscriptions might have been withheld. One daily newspaper in the West, which since 1896 has been an organ of the Laurier Government, might to-day still be with the Conservatives, for it is understood to have come over to the Government as part of the ante-election deal with the New Feudalism. But Liberal success would not have been jeopardised had the Liberal leaders bluntly told the New Feudalism that their trust was in the people of Canada, and that the New Feudalism might stay with the political party responsible for its inception and for the statutory and other special privileges in its possession at this great crisis in the history of the Dominion.

The Liberal politicians, however, were easily captured for the New Feudalism. Relief from the burdens of the National Policy, economy in the expenditures of the Dominion Government, purity of elections, reform of the Senate, a free press—in fact, reforms in any department of political service—were thereafter impossible for the Liberal party.

Statesmanship and public service cannot exist side by side with the New Feudalism. The New Feudalism has no use for statesmen. Its interests can be adequately and subserviently safeguarded and ex-

In season and out of season, in favour and out of favour, liked or disliked, I have always believed in protection, have always advocated it, and will always continue to do so. I have no politics other than protection, and I hope none of you have. If you have them, I think you should sink them for the good of the Association, for protection is the only politics the Association should recognise."—Mr. W. H. Rowley, of Ottawa, President of C.M.A., at Convention Banquet, Vancouver, Sept. 22, 1910—*Industrial Canada*, Oct., 1910.

tended only by politicians.* Politicians, as distinct from statesmen, have consequently ruled at Ottawa since 1896; and with the New Feudalism in easy control there could be no fulfilment of the pledges of the Liberal programme. A party cannot hold to Liberalism and at the same time serve the New Feudalism.† Hence any care for democracy or for Liberalism was abandoned as soon as the Laurier administration came into power. Liberalism was similarly abandoned by the many daily newspapers that then became thirled to the Laurier Government,‡ and in the fourteen years that intervened between the incoming of the Liberals and the Premier's tour of the prairie provinces in 1910 every cause and every principle advocated at the National Liberal Convention had been repudiated or quietly abandoned.

The New Feudalism in 1910 has an immeasurably tighter and stronger hold than it was able to secure

* "You can't have a square deal with a tariff. That is not what a tariff is for. A tariff is expressly for the purpose of barring all chances of a square deal. The tariff is for the interests, in order that the interests may amass vast sums of money. And you may be sure that it is never to the benefit of the rest of the people when a law favours the interests."—Sir Alfred Mond, M.P., 1910.

† "Western Liberals at last seem to have discovered that Laurier, leader of the Liberal Opposition of 1895, was a very different person from the leader of the Liberal Government of 1910. He has revealed himself in office. Never radical or progressive, he has become curiously reactionary since he took the weight of government on his shoulders. . . . Sir Wilfrid Laurier humbugs the people with smooth phrases and alluring promises, and behind their backs bargains with capitalists and corporations and manufacturers who contribute to the campaign treasury. He has made Liberalism a cover for class interests and class privileges; and he maintains in Canada a system of reactionary Toryism in patronage, in the handling of corporations, and in the organisation of great national enterprises which would not be tolerated in Great Britain itself or in any other portion of the Empire."—Leader in the *News* of Toronto, Aug. 10, 1910 (Edited by Dr. J. S. Willison, author of "Sir Wilfrid Laurier and the Liberal Party: A Eulogistic Biography." 2 vols., 1903).

‡ "Practically every politician of any size in Canada has a newspaper in his hip pocket. Our Canadian politicians are afraid of independent criticism, which explains why they buy the newspapers and hire editors to eulogise them."—*Grain Growers' Guide*, Oct. 26, 1910.

while the Conservatives were in power; and politics at Ottawa, and Dominion politics generally, have been as squalid during the last fourteen years* as at any time between 1878 and 1896—so squalid that among the political capitals of English-speaking peoples on the North American continent, Harrisburg, Pennsylvania, is the only one that in this respect can be compared with Ottawa.

* “The investigation being held into the working of some of the Government departments at Ottawa has laid bare a carnival of graft which is astounding.”—*Industrial Canada*, January, 1909.

“The following is the text of the resolution adopted by the Argenteuil Liberal Convention at Lachute, on Thursday: ‘Whereas, it has become notorious that during the Federal bye-election of 1902 and the Federal General Election of 1904, in the county of Argenteuil, the grossest forms of electoral corruption were systematically employed, particularly in the direct payment of money for votes, and in the payment during the election of prices far above the market value for cattle, horses, and other farm products, of which in some cases delivery was never taken; and the payment of money to electors as alleged compensation for the time lost in going to the polls. Resolved: That this Liberal convention hereby appeals to the respectable and moral forces in all sections of the county to take active means to check and suppress the plague of electoral corruption, whose demoralising effects are a menace to representative government and to the growth of pure Canadian national sentiment.’”—*Witness*, Montreal, Sept. 8, 1908.

CHAPTER XII

SIR WILFRID LAURIER'S TOUR OF THE WEST

"Have you seen a flotilla of ships of all sizes riding at anchor in the tide way, and have you seen the tide turn and suddenly begin to flow? Which came round first? The little cock-boats, then the ships a little bigger, then the three-deckers, and then the grand man-of-war wheels round with the others. When the tide is strong enough the statesmen—the tide waiters—will turn round with it. But don't you hurry these statesmen. They are far cleverer than we are. They won't do the right thing till the right time, and the right time is when you tell them they must do it."—SIR WILFRID LAWSON, at Manchester, October, 1876.

"In regard to the possibilities of preference between Canada and the Mother Country the sands are running out. Tariff reform on that side, as we have said again and again, is working under a time limit. In that matter we are bound to insist that, whether by combat or consent, the fiscal door shall not remain absolutely 'banged, barred, and bolted' against the Dominion at the next Imperial conference."—*Observer*, London, Oct. 16, 1910.

"Sir Joseph Lawrence, interviewed by the *Morning Post*, expressed his inability to find the alleged free trade movement in Canada. The so-called Western agitation, he says, is engineered by free trade agents from here, and need not be taken seriously."—Cable dispatch from London to *Globe*, Toronto, Nov. 1, 1910.

SIR WILFRID LAURIER'S tour of the provinces between Lake Superior and the Pacific coast began on July 7 and ended at Winnipeg on Sept. 3, 1910. His first meeting with the grain growers was at Brandon, Manitoba, on July 18. In Saskatchewan and Alberta, at later stages of the tour, there were many interviews between the Premier and the organised grain growers. The Manitoba grain growers, however, sought only one interview. At Brandon 250 members, representing 200 local associations, were in attendance. "It was interesting to note," wrote Mr. G. F. Chipman, in the *Sun* of Toronto,* "that the men who presented the addresses were of both political

* Sept. 28, 1910.

parties. All were of one mind, and party feeling was laid aside. The men who had helped Sir Wilfrid Laurier into power and had supported him through the last fourteen years, together with the men who had opposed him, stood shoulder to shoulder."

Two memorials on the tariff were presented to the Premier. The first was read by Mr. R. McKenzie, secretary of the Manitoba Grain Growers' Association, and the second by Mr. J. W. Scallion, of Virden, honorary president of the association. The first was as follows :

The grain growers of Manitoba regard themselves as fortunate in having this opportunity of presenting to you their views on certain matters which vitally affect their interest and the prosperity of the country. Unlike industrial, commercial and transportation interests, the agricultural interests rarely have an opportunity, in a representative capacity, to make their views known directly to the public men who rule the destiny of Canada. It is a matter of common knowledge that for years it has been a very ordinary occurrence for the Government of Canada to be waited upon by delegations representing important interests and industries. But agriculture, the basic industry and the source of our prosperity, has, through lack of organisation, been unable, as a distinct industry, to give the Government and Parliament the benefit of its views on public questions. This is particularly true of the farmers of the three prairie provinces, which now bulk largely in the minds of Canadians, owing to their rapid increase in population and their abnormal development of natural resources. The development of recent years has demonstrated the capacity of these provinces for the production of food products. Their fertile soil is attracting an ever increasing tide of immigrants, the larger portion of whom are the cream of other nations. It is no dream or visionary idealism to forecast that before another decade Canada will have on her fertile prairies a very large rural population, virile, progressive, intelligent and aggressive, loyal and true to all British institutions, living close to nature, and imbued with views on political economy distinct from those of people living in centres of population. In the past our urban population has had most to do in

influencing and directing the policies of our Governments and in making and administering our laws. It is, however, safe to assume that the rapidly increasing rural population in Western Canada will, in the near future, leave its impress on Canadian legislation.

Of the many economic questions which engage the attention of Western farmers, none is regarded with so much disapproval as the protective tariff. Nor is there any feature of the policy of the Federal Government that has been so burdensome to the Western farmers, or has been the means of retarding the development of the country and hampering the progress of the early settlers as has the element of protection that obtains in the customs tariff of Canada. Let it be said in passing that Western farmers do not object to paying their full share of the cost of government. They do not object to that part of the revenue which they pay into the public treasury. What they do rebel against is the element in the customs tariff which compels them to contribute a large percentage of the products of their labour to the privileged and protected classes. The Western farmers do not want any protection for their products. In other words, they are willing that all farm products should be placed on the free list. Nor do they look with favour on any fiscal or preferential tariff that will have the tendency to enhance the cost of living to British artisans and labourers, but rather that every possible facility be given for the free exchange of the food products grown on the prairie farms for the product of Britain's congested factory districts. We submit that duty should be levied only for the purpose of creating revenue for the necessities of government, and that the protective system creates a class whose interests are essentially different from those of the people at large.

Perhaps we cannot better express the attitude of the grain growers of Manitoba and the Western farmers generally toward the protective system than by reproducing the declaration made by the Liberal party of Canada in convention assembled in 1893:—

That the customs tariff of the Dominion should be based not, as it is now, upon the protective principle, but upon the requirements of the public service; that the tariff should be reduced to the needs of honest, economical and efficient government; and that it should be so adjusted as to make free or to bear as lightly as possible upon the necessities of life; and should be so ar-

ranged as to promote freer trade with the whole world, more particularly with Great Britain and the United States.

In addition to the above we might quote the following statement alleged to have been made by yourself, sir, in Winnipeg, in September, 1894:—

We stand for freedom. I denounce the policy of protection as bondage—yea, bondage; I refer to bondage in the same manner as American slavery was bondage. Not in the same degree perhaps, but in the same manner. In the same manner the people of Canada, the inhabitants of Winnipeg especially, are toiling for a master who takes away, not every cent of profit, but a very large percentage, a very large portion of your earnings for which you sweat and toil.

The above quotations represented the views of Western farmers at that date, and they have in no way changed their attitude, nor have they lessened their desire that the protective element be totally removed from our customs tariff, and taxes levied purely on a revenue basis. It may be argued that the tariff schedule of 1897, which in most cases replaced mixed duties (that is, ad valorem and specific duty combined) by ad valorem duties only, reduced taxation. With the low prices which prevailed some years ago, the change brought some measure of relief to consumers, but the upward movement in prices which began in 1898, and has steadily continued until the present time, deprives the consumer of any advantage which he obtained from the small reduction in many of the ad valorem duties of the present tariff schedule.

As an illustration, we may cite the case of self-binders, which, although reduced from 20 to 17½ per cent., on account of an increase in value, the duty paid on each binder is now as much, if not more, than before the reduction in the tariff took place.

While the average rate of duty on total imports was reduced between 1896 and 1909 from 19 per cent. to 16.480 per cent., it afforded very little relief in manufactured goods, as the reduction in the per cent. of duty is largely brought about by adding a large number of articles to the free list, nearly all of which are articles of raw material and partly finished commodities used by manufacturers. Western farmers receive a benefit from binder twine, barbed wire and cream separators being placed on the free list, and Ontario stock feeders from the free importation of corn. In the year 1906 agricultural implements to the value of \$12,835,748 were

manufactured in Canada. The same year there were imported agricultural implements to the value of \$1,615,123. It is contended, and in fact generally conceded, that the manufacturer adds to the selling price of his commodity the full extent of the protection he receives under the customs tariff. Admitting the correctness of that contention, the farmers of Canada paid to the Government in revenue, in the case of agricultural implements, that year \$323,024, and to the agricultural implement manufacturers \$2,567,149. The census returns of that year give the wage earners of agricultural implement manufacturers as 6,711. So that the farmers of Canada paid into the treasury of the manufacturers on account of protection \$382.60 for each of their employees. The same year \$14,223,447 worth of cotton was manufactured in Canada, and \$9,491,803 imported. Reckoning the average duty at 22 per cent., the people paid the Government in revenue on imported cotton \$2,088,196, and to the manufacturers \$3,129,158. The employees of cotton manufacturers number 10,214.* Cement, an article that is now extensively used for building purposes, and controlled in Canada by a combine or trust, was imported last year to the value of \$475,677, on which the Government collected \$159,077 in duty. Canada manufactured in the same year \$5,266,008 worth of cement. Applying the same rate of duty as the Government charged on imported cement, the consumers of cement paid about \$1,740,000 into the treasury of the cement trust last year.

In our rigorous climate no commodity becomes as much a necessity to those living on the prairie as woollen goods, and on no article is the duty made more oppressive to the consumer. In 1906 the Canadian people paid a duty of an average of 30 per cent. on an importation of \$17,451,833 for protection to an industry that produced that year goods to the extent of \$5,764,600. The annual outlay of the farmer on his homestead, with an average family, for woollen

* "The company manufactures everything classed under the head of printed cotton goods, whites and greys, and yarns. During the first three years of its organisation the company sold \$25,000,000, and paid out in wages \$5,500,000."—Advertisement of Dominion Textile Company—which controls two spinning mills, nine cotton mills, four bleacheries, and two print works—*Industrial Canada*, Oct., 1910. In the same advertisement the number of workpeople is given as six thousand. The duties on cotton goods range from 15 to 35 per cent.; and the protection afforded is evidently sufficiently generous to more than cover the wages bill at the Textile Company's seventeen mills.

underclothing, mits and socks is more than his average annual outlay for implements. The comfort and health of his family require that this necessity should be provided him at the least possible cost. We cannot but view with alarm the persistent efforts of the woollen manufacturers for an increased protection. The last proposition reported to have been submitted to the Government is that the duty on Canadian grown wool be increased by 4 cents per lb., allowing a proportionate increase on manufactured goods. This is simply an attempt to make it appear to compensate for the increased cost, arising from an increase in duty, on the manufactured article that the growers of wool may be protected. The deceptive nature of the proposition is indicated by the returns of the customs department.

Item 555 in the Customs Tariff for 1907, Schedule A, provides:—

Wool, viz. Leicester, Cotswold, Lincolnshire, Southdown combing wools, or wools known as luster wools and other like combing wools, such as are grown in Canada, per pound, British Preferential Tariff, 2 cents, Intermediate Tariff, 2½ cents, General Tariff, 3 cents.

The report of the Department of Customs for the fiscal year ending March 31, 1909, shows that under that item in the schedule there were 110 lbs. of wool imported that year, paying \$3.30 duty, and the year previous there was none at all. So that, in fact, an increase in duty on woollen goods into Canada would be no protection to the wool growers, while an increase in duty on the manufactured goods would add to the cost of living of every Canadian.

We would respectfully urge upon you the advisability of your Government taking advantage of the proposals made by the United States Government for reciprocal free trade in agricultural implements in the last revision of the tariff, in the interests of the grain growers of Canada, at as early a date as practicable.

The second memorial, which dealt at greater length with reciprocity, and was read by Mr. Scallion, was as follows:

When the Tariff Commission held meetings throughout the country some years ago, the farmers made their position with regard to the tariff very clear. They wanted no protection for their own industry, and strongly urged that the tariff be reduced to a revenue basis. They hold that

opinion to-day more strongly, if possible, than they did then. They are willing to meet the requirements of a tariff framed to cover the public expenditure of the Dominion, but not a tariff which taxes them for the special benefit of private interests. The prices for the produce of the farm are fixed in the markets of the world by supply and demand and free competition when these products are exported, and the export price fixes the price for home consumption. The supplies for the farm are purchased in a restricted market where the prices are fixed by combinations of manufacturers and other business interests operating under the shelter of a protective tariff. Owing to those conditions the farmers strongly urge that such a change be made in our fiscal policy as will give them a square deal.

There are no trade arrangements the Canadian Government could make with any country that would meet with greater favour or stronger support from the farmers of Western Canada than a wide measure of reciprocal trade with the United States, including manufactured articles and the natural products of both countries. Such a trade arrangement would give the Canadian farmers, especially the Western farmers, a larger and better market in which to sell and a cheaper market in which to buy. This statement can be verified by a comparison of prices in both countries for years back. The prices for grain and live stock, under normal conditions, are much higher in the markets over the line than on this side, and many articles of prime necessity on Western farms can be purchased in the United States much cheaper than in Canada. The farmers are aware of the fact that the Canadian Government on several occasions endeavoured to secure a measure of reciprocal trade with the United States; but that country on those occasions did not seem to favour any such trade arrangement. This was on account of the fact that a political party committed to a high tariff has been in power in the States almost continuously since the Civil War, when a high tariff was adopted to meet the debt incurred by that war, and the powerful private and corporate interests which came into existence and developed under that protective tariff, and because of it, have continued to exercise such an influence on public men and legislation in that country as to be able to prevent any successful attempt to lower the tariff or make freer trade arrangements with other countries.

But a change is taking place in public opinion in the United States. The people demand a lower tariff and freer trade with other countries, more especially with Canada, and the party of high protection have to bow to the will of the people or go out of office. In fact, the party is splitting up, and protection is the rock on which they are going to pieces. Something must be done to try ^{to} and save the situation and meet this popular demand. The United States Government have asked the Canadian Government to enter into negotiations with them for the purpose of arranging freer trade between the two countries. The Western farmers strongly urge our Government to accept the offer of the United States for the consideration of the question of reciprocal trade, and do everything possible to widen the commercial relations between the two countries. Canada has entered into trade relations with Germany, France, Italy and other smaller countries, which is all very well so far as it goes; but every effort should be made, consistent with national honour and fair dealing, to extend our trade with the ninety millions of people right at our own doors, whose trade with us now is nearly equal to our trade with all others together, who afford the best markets in the world for much of our produce, a market which would increase immensely as years go by under a wide measure of reciprocal trade. The farmers know that a lowering of our tariff or freer trade with the United States will be strongly opposed by the united strength of the protected interests which have developed such strength and grown to such power and wealth under our protective tariff and because of it. But these interests have shaped our fiscal policy too long. The farmers demand that these interests be accorded such protection as a revenue will allow, and no more. The Western farmers will watch with intense interest the negotiations between the United States Government regarding reciprocal trade between the two countries, and strongly urge that everything consistent with national honour to secure such a measure should be done.

In reply to these memorials, Sir Wilfrid Laurier said :

I am here to know your views. As head of a democratic Government it is my duty to get in contact as much as possible with the people. And it is as a man of the common people that I come before you. I want to talk to

you, to hear what you have read to me, and to make profit out of it; to convey it to my colleagues, and to be able to frame upon it such legislation as may seem necessary. I do not admit that there can be any separation of interests in this country. It is part of the policy of the Government to try to harmonise all the different clashing elements in order to reach the common purpose—the welfare of our common country.

You have brought to my attention certain views of yours upon the tariff, and you say you think the farmers have not received all the consideration they might have received. That would be news to Mr. Fielding, because I know his aim has always been to give to the farmers every possible advantage. Now, it may be that he has not done as well as he intended. As to his intention I am sure, but I will make it my object, as soon as I get back to Ottawa, to convey these valuable papers which have been presented to me this afternoon on the tariff question to Mr. Fielding, and if he has come to the conclusion that he has not done all that can be done, that there is yet something to be done—well, I will tell him to spit on his hands and try again. But I am sure we have done a good deal for you in the way of tariff legislation.*

At Yorkton, a town of 1,600 inhabitants on the Canadian Pacific Railway, 115 miles north-east of Regina, on July 20, Sir Wilfrid Laurier had his first interview with the grain growers of Saskatchewan.

In his references to the tariff the Premier reminded the audience of the allegory of the limbs of the body who protested they worked all the time to feed the stomach, which did nothing for itself. So they decided to starve the stomach, and thereby became weak themselves. "That is much the same with the body politic," said the Premier. "When all interests work together the best results are obtained. The tariff will be reduced from time to time. If I had my own way," continued the Premier, "I would have a free British tariff. Britain is my model, not only for history, not only for constitutional government, not only for public life, but for political economy. But I recognise that all views must be met, and changes made gradually." As

* *Grain Growers' Guide*, July 27, 1910.

to the offer in the Payne-Aldrich tariff of reciprocity in agricultural machinery, Sir Wilfrid said he would consider the offer when it included not only complete machinery but all its parts. The United States was a manufacturing country, second only to Great Britain. Canada was an agricultural country. If the United States manufacturers wanted to ship into Canada, Canadian natural farm products must be admitted free to the United States.*

There were two deputations to Sir Wilfrid Laurier at Melville, Saskatchewan, on July 22—one representing thirty different branch associations of the grain growers, and the other from the Liberal Association of Bangor. For the Liberal Association free trade, as in England, was urged. Mr. C. Lunn addressed the Premier on behalf of the grain growers.

I was very pleased indeed, Sir Wilfrid (said Mr. Lunn), to hear you, when in Yorkton, say that you took the tariff policy of Great Britain as your guide, and it would be exceedingly satisfactory if you would follow your guide as closely as possible, for there is not a shadow of doubt but that Great Britain owes her wealth and strength to-day to that policy of free trade inaugurated by the late John Bright and his coadjutor Richard Cobden. As illustrations as to the way the tariff works in this protected country, let me give you two illustrations in my own experience after coming to Canada. When in the city of Hamilton some years ago I saw the works of the Wanzer Manufacturing Company, and inquired if that was where the Wanzer sewing machine and Wanzer lamp were made. On learning that it was, I said to a storekeeper I was doing some business with that I would like to get a Wanzer lamp, and he kindly telephoned to ask the company the price. "Five dollars," was the reply. I bought the same lamp in Liverpool and Manchester for 9s. 6d. (\$2.25). About the same proportionate figures applied on their sewing machine. In regard to agricultural machinery, very much the same state of things exists. To-day I can buy a binder for £25 (\$120) for which I have to pay \$175 in Western Canada. It has been stated that this machinery is inferior

* *Globe*, Toronto, July 21, 1910.

to what is sold here. Allow me to say, Sir Wilfrid, that it is exactly the same. No difference whatever.*

In his reply to both presentations, Sir Wilfrid said he hoped that the tendency of any new revision would be downward and not upward. "I have been fourteen years in office, but my views on this matter have never changed," the Premier continued. "Following the Motherland, we should place free trade as the goal before us, but we cannot reach it in one step. So long as the United States maintains its tariff policy we must be cautious how we proceed. As to reciprocity with the United States, I am in favour of reciprocity if the United States gives us a fair deal. At no time have our relations been so cordial and friendly as at present; but human nature—and the United States has much human nature—prompts man to reciprocate with the man who is himself prepared to reciprocate." †

"Only at the last moment," wrote the Lanigan (Saskatchewan) correspondent of the *Grain Growers' Guide*, ‡ "did we learn that the Premier would meet the grain growers on July 23 at this point; and Mr. Ross, of the Strassburg Association, is to be congratulated on the way he seized the opportunity for the grain growers. It was generally understood that Sir Wilfrid would merely make a stop here. The tariff question was taken up by Vice-President Anderson, of the Lanigan Association, and if the Premier did not know before why the tariff should be reduced, especially on farm machinery, he surely does now."

Sir Wilfrid, in answering the case thus presented to him, said:

The tariff the Liberal Government has given is not the best, but it is better than that which it displaced. It needs further improvements. It will have to be gradually reduced. Further revision must be made, but before revision is undertaken the Government will again appoint a commission to investigate. This commission will consult with the grain

* *Grain Growers' Guide*, Aug. 10, 1910.

† *Globe*, Toronto, July 23, 1910.

‡ Aug. 3, 1910.

growers. It will consult with the various interests concerned. It will aim, having in view the common wealth of our common country, to go as far as may be justifiable towards the trade policy of England, the shining example of the world, although it cannot be expected that we can accomplish in one or two generations what it took in England eight centuries to arrive at.*

Here, as at Melville, the local Liberal Association put itself in line with the grain growers. Mr. Edward Anderson, speaking for the Liberals of Lanigan, told the Premier that

The tariff was first invented by the evil one. "It was class legislation," he said. Man always advocated free trade for what he wanted to buy. The farmer's implements were his raw material, and this is an agricultural country." "I know you will agree with me," he said to the Premier, "but we want a little more in that line than you've done during the last year. I am a Liberal, and want you to carry out the programme of 1893. You've done wonders, Sir Wilfrid; you made certain improvements even in this. But I sometimes think the Red Parlour has a little too much influence with some in the Liberal party. That's all. You won't be offended at plain speaking?" he concluded.

"Not at all," was Sir Wilfrid's smiling reply. "You are preaching not to a sinner but to a convert." The Premier confessed his free trade ideals had not yet been attained, and gave the assurance of further revision of the tariff by a commission.†

At Humboldt (July 25) six local branches of the grain growers were of the deputation. The Premier's reply, as summarised in the *Grain Growers' Guide*,‡ was: That the Liberal party stands for lowering the tariff, and has made quite a reduction since it came into office. No doubt, when the next revision came around, the tariff would be still further lowered, and a reduction would be made in the right direction, as

* *Globe*, Toronto, June 25, 1910.

† *Ibid.*, July 25, 1910.

‡ Aug. 10, 1910.

no Government could stand that neglected the West, and especially the farmers.

Prince Albert is the principal town of a Saskatchewan constituency for which Sir Wilfrid Laurier was returned at the general election of 1896. He was also returned at that election for Quebec East, and he chose to sit for the Quebec constituency. He was at Prince Albert on July 27, when he was presented with a memorial from the Liberal Association which congratulated him on his statement earlier in the tour of the prairie provinces that he would consider favourably a reduction of the tariff, and expressed the hope of the Liberal Association that revision would be with a view of lightening the burdens of the Western farmers, "in so far as such reduction is consistent with your Government's well-known policy." "The reading of the memorial," added the *Globe's* correspondent, in his report of the Prince Albert interview, "was greeted with prolonged applause." *

Saskatoon is a city of 6,500 inhabitants, the third city in the province of Saskatchewan. The interview of the Premier with the grain growers there, on July 29, was in the court-house, and was the longest interview up to this point in the tour. Mr. John Evans, of Nutana, a director of the Central Grain Growers' Association of Saskatchewan, was in the chair, and was one of the spokesmen for the Grain Growers' Association on the tariff question. In his address to the Premier, Mr. Evans asked

Why the farmers should not receive a bonus from the Government the same as the Dominion Iron and Steel Company. "The Liberal party have departed from all the principles of Liberalism, and to-day are the most Conservative Government on the face of the civilised globe," he declared. "In 1896 the Liberal Government came into power on the distinct pledge of free trade. The ideal

* *Globe*, Toronto, July 28, 1910.

system is British free trade. To-day you are farther from it than in 1896. In 1896 you promised to skin the Tory bear of protection. Have you done it? If so, I would like to ask you what you have done with the hide."*

"The tariff system of protection can be called by different names which will help us common people to understand its meaning," continued Mr. Evans. "It may be called trade restriction, class legislation, legalised robbery, mother of trusts, combines and mergers. It is also the cause of graft, regarding the morals of our public men, and worse than all it is the cause of lowering the moral life of the working classes of this fair Dominion, by causing hard times, compelling our people to live under conditions that are a disgrace to a country like Canada, where prosperity should be the lot of everybody."†

Mr. Evans, during his speech, was asked by Mr. E. M. McDonald, member for Pictou, Nova Scotia, whether or not he was making a political speech. "No, I am not," replied Mr. Evans. "I am looking at it from a farmer's standpoint. We want to know what can be done. I helped Sir Wilfrid into power."‡

"We are not asking for a privilege," said Mr. Murdock Cameron, of Floral, who followed Mr. Evans, with a plea for lower duties in the tariff.

"We are asking for pure justice. The farmers do more for the good of the human race than all the manufacturers in the whole Dominion. No member will be returned from Saskatchewan as a protectionist. There are 100,000 grain growers in the West. I am a Liberal, and I hold a very strong opinion of you, Sir Wilfrid, but your promises have not all been carried out."§

Mr. W. Rolands, of Aberdeen, also condemned the tariff of 1907.

"We want the protection that benefits the masses and not the minority." Mr. Rowlands told the Premier that his promises had not been fulfilled, and that if he wanted

* *Globe*, Toronto, July 30, 1910.

† *Grain Growers' Guide*, Aug. 10, 1910.

‡ *Farmers' Tribune*, Winnipeg, Aug. 3, 1910. "As the merging of manufacturing concerns goes on in the East, the demand in the West for a lower tariff increases in vigour and asperity."—*Free Press*, Winnipeg, Aug. 6, 1910.

§ *Farmers' Tribune*, Winnipeg, Aug. 3, 1910.

the votes of the people again he would certainly have to redeem his promises as soon as possible.*

"We are all British subjects," said Sir Wilfrid Laurier, replying first to Mr. Evans, "and we enjoy the right of free speech."

"My friend has availed himself of his opportunity. He will doubtless agree if I claim also freedom of speech. I certainly realise that a good deal of what has been heard from the various speakers has been commendable, but I must find fault with him who talks politics rather than grain-growing. I am here to confer, to learn, on business for the country's well-being, not to debate party differences." "We offered you freer trade," he continued, "and have given you freer trade. To abolish the tariff at one stroke would create a financial crisis. It is impossible for us now to raise the revenue as in England. I am a free trader. I am not a protectionist. My creed—what I stand for—is a revenue tariff, nothing else. We are making progress." †

"We have done the best we could, and have made a better tariff system; but we will continue to do the best we can and arrange a tariff which will be suitable to the people of the West. We stand for a revenue tariff, and we have reduced the tariff on practically everything. I will not promise as to what will be done, but I will try to act and perform." ‡

At Regina, the political capital of Saskatchewan, where Sir Wilfrid Laurier met the grain growers on August 1, much stress was laid in the memorial presented by Mr. F. M. Gates, of Fillmore, President of the Saskatchewan Association, on the duties on agricultural implements.

With your permission (read the memorial), we will refer to certain resolutions passed by our members,§ and ask you to state if it is possible for the Government, of which you are the head, to comply with our wishes in respect of the same.

"That whereas Canadian machinery can be purchased

* *Grain Growers' Guide*, Aug. 10, 1910.

† *Globe*, Toronto, July 30, 1910.

‡ *Grain Growers' Guide*, Aug. 10, 1910.

§ At the convention held at Prince Albert, Feb. 9-10, 1910.

from 10 per cent. to 30 per cent. less in Great Britain than in the Canadian West;

"And whereas we believe such conditions are caused by the high protective tariff existing at the present time;

"Therefore be it resolved that immediate steps be taken regarding the said tariff so that the home purchaser may at least be able to purchase as cheaply as the outside world.

"And, further, that the Ottawa Government be requested to accept the unconditional offer of the United States Government for reciprocal free trade in farm implements."

This resolution was passed at our last annual meeting. The farmers of this province recognise that it is impossible instantaneously to abolish the tariff, but they do claim and believe that a reduction on agricultural implements is possible, and only a measure of justice and fairness to them. They believe they should be able to buy machinery as cheaply as the outside world. And we also ask that the offer of the United States Government for reciprocal free trade in implements be accepted.

We have a right to as much consideration in this matter as the makers of certain goods who receive privileges in the matter of machinery imports for use in their manufacture; and as more and more machinery is necessary for the pursuit of farming operations in the best manner, the present unnecessarily high prices bear unduly upon the cultivators of the soil.

Then in regard to the general tariff, you, Sir, say that you are a free trader, but that you are not in a position to carry out the policy you would like. We in the West are not all free traders, but in the course of contact with a great number of our members who are representatives of the mass of farmers of the province in which you now are, we have found, and we are in a position to assure you that there is a strong and growing feeling in favour of an all-round reduction in the existing protective tariff. We believe the time has arrived when manufacturers in this country should be expected to get along without further aid in the way of protection—protection which is afforded them at the expense of the consumer, who in common fairness should be considered; and we ask you to say to us here that your Government will undertake at the earliest opportunity to so readjust the tariff as to make it more a tariff for revenue and not for protection.

You should be aware of this feeling, Sir, through the people's representatives in the House of Commons; but we are afraid they have not all done their duty in this matter, and we have felt it necessary to place this question before you, who should, judged by your utterances in the past, not be afraid to deal with it. It is not our intention to take up any time in reciting figures or quoting statistics, nor do we wish merely to ask from you an expression of sympathy with our wishes. What we seek from you is a definite assurance that your Government will adopt measures to give us relief by effecting a reduction in the general tariff and especially in respect of agricultural implements.*

In his reply, Sir Wilfrid dealt with all the points raised, and in regard to the tariff he said:

"I am glad you recognise that it would be impossible at one fell swoop to dispose of the tariff. Changes must be gradual. It would not be possible for us to raise our revenue by direct taxation. If we did, the first party to suffer would be the settlers, and the first goal to be set before us is the settlement of those enormous prairies."†

One particular thing referred to in the address (continued the Premier) was that the United States had offered free trade in agricultural implements. Years ago the Ottawa Government made every possible effort to get a hearing at Washington for the purposes of reciprocity. They were given the cold shoulder, and the Government said that they would send no more delegations. Then it was Washington which sent a delegation to Ottawa. "If our neighbours meet us," concluded Sir Wilfrid, "then I think that a tariff can be arranged on lines similar to those suggested by this deputation."‡

The Liberal Association at Regina, as was the case at Melville and Lanigan, fell into line with the grain growers' central organisation of the province in assailing the tariff. The address was presented to the Premier from the association by its president, Mr. William Peterson. It congratulated Sir Wilfrid Laurier on "the splendid administration of the

* *Grain Growers' Guide*, Aug. 10, 1910.

† *Weekly Phoenix*, Saskatoon, Aug. 3, 1910.

‡ *Standard*, Regina, semi-weekly edition, Aug. 4, 1910.

Government and on successful progress in tariff reduction." "At the same time," it continued, "we would respectfully but earnestly request that a further revision be made at an early date, and that such revision should be in the direction of marked reductions in the present tariff schedules." *

The grain growers of the local associations of Southern Saskatchewan met the Premier on August 2 at Weyburn, a town of 1,800 inhabitants, ninety miles to the south-east of Moose Jaw. There the address was made by Mr. Frank Sheppard, of Weyburn.† The address read:

A farmer purchases a farm and applies labour in the necessary cultivation of the soil, which produces crops or wealth. If the farmer is a free man and owns his land he is entitled to the product of his labour.

The manufacturer builds his factory, establishes the necessary machinery, purchases his raw material, applies labour to fit it for the use of man, and it becomes wealth. If he is a free man he is entitled to the wealth it produces or to the products of his own labour.

Up to this point there is no trouble, but just here the manufacturer steps in and says, "I must have all of the products of my own labour, and also as much as I can get from the other fellow." The farmer says, "If you come by stealth and appropriate my earnings you are a thief. If you come and take it by force you are a robber, and you will be punished as a criminal." Now, the manufacturers were and still are all honourable men, and did not like the thoughts of being called thief or robber, so they went to the Hon. Sir John A. Macdonald, who was at this time leader of Her Majesty's loyal Opposition, but waiting for a chance to be reinstated as Premier. This Sir John was a great man, and did many good things. The Liberal party do not like to say that he never did wrong, but they will admit that he was a clever and shrewd

* *Globe*, Toronto, Aug. 2, 1910.

† The correspondent of the *Globe* (Aug. 4) described the Weyburn manifesto as the "frankest address that Sir Wilfrid had received during his tour." This address was published verbatim all over the Dominion.

man. Sir John saw his chance, and he said, "Put me in power again, and I shall see that you are allowed to keep your own earnings and get a good slice from the other fellow." "But," says the manufacturer, "what about those names thief and robber?" Sir John replied, "I shall wipe out those words, and put protection in their place." The manufacturers went to work, and with the help of very many farmers, who liked the word "protection," not suspecting that in reality it meant freedom from punishment for robbing us of our goods, Sir John was returned to power and protection became the law of our land. Now, with all due respect, I ask, Is it not a crime to pass a law to take the earnings from one class and give them to another? If it is wrong for the individual to rob, it is wrong to make robbery legal.] In 1893 a Liberal convention was held and a platform adopted. Protection was denounced and called by its proper and original name. In 1896 you, Sir Wilfrid, became Premier. Since that time you have added a number of articles, among which were binding twine and wire for fencing, to the free list. You have also given us preferential trade with Britain. We do not underestimate what you have done, nor are we ungrateful; but when we expected you to lay the axe to the root of the tree, and cut it down, you only cut off some of the branches. Now, if it was wrong for the Government of Sir John A. Macdonald to pass this law, is it not also wrong for your Government to perpetuate the same either as a whole or in part?

Protection is a great wrong. It makes nations dishonest one with the other. It makes individuals selfish and dishonest. It teaches the mischievous principle that we are to expect to receive without giving value in return.

Now, we appeal to you, Sir Wilfrid, for relief. We are happy to know that you admire the British free trade policy, and that you regard Britain in this respect as the light of the world. Again I say, we look to you for redress.

Through many years you sought to open up better markets through reciprocity with our neighbours of the south. Your proposals were rejected as often as made. We admired you when you stepped back and said that the next proposal for reciprocity must come from the United States, and set about opening up other markets for us.

President Taft now asks for closer trade relations, and

we hope that your Government will be able to secure for us the advantages of this valuable market.

We would ask your attention to the duty on agricultural implements, which we consider as extremely unjust. This seems to be a special tax upon the farmer.

We as grain growers are willing to pay our share towards the revenues of our country, but as free men we sternly object to pay tribute to our fellow-citizens. We ask no favours. We urge our rights. The manufacturer asks and receives tribute from us. Would there were more of the spirit expressed by one of old, who would not even partake of the spoils of war lest some one should say, "I have made Abraham rich."

A revenue tariff provides incidental protection, and should be sufficient to satisfy the most exacting. The manufacturers first ask for protection for infant industries, afterwards as vested rights.

In conclusion, I must say, if we are free men treat us as such. If we are slaves we ask our freedom. If refused we must demand it. Our resources are not exhausted.

Again I say our appeal is to you, Sir Wilfrid.*

The Premier, in reply, wrote the correspondent of the *Globe*, reiterated his personal adherence to free trade.

All the progress he looked for had not yet been made, but the claims of the grain growers would be fully gone into. He stated the Government's readiness to discuss reciprocity with the United States on the latter's advance on a broader basis. The tributes of the address to the British fiscal policy Sir Wilfrid held to be justified. But Britain had obtained her prominent position after years of progress. "The Motherland moved slowly, steadily," he said, "but she has passed in results and permanency those who have sought to effect reform by revolution." He repeated his assurance that the Tariff Commission would go fully into the matter. "We are not," he concluded, "yet satisfied with the results attained." †

Homesteaders from the north-western states are more numerous in the neighbourhood of Yellowgrass

* *Grain Growers' Guide*, Aug. 17, 1910.

† *Globe*, Toronto, Aug. 4, 1910.

than in any other district of Saskatchewan visited by Sir Wilfrid Laurier.

Yours, he said, in addressing a meeting made up of these American settlers at Yellowgrass, on August 4, is the greatest of all patriotic privileges. You can do much to improve the relations between the land of your birth and the land of your adoption. You can do much to weld the bond of union. I have had great dreams. I am too old now to expect to see them become realities; that may be your portion. I pray that it will. An alliance, offensive and defensive, between the British Empire and the American Republic would result, in my humble opinion, in a state of world-affairs under which not a single man in the world could fire a shot without permission. Perhaps this is too ambitious a dream, but something we can do. Our commercial relations in the past have not been what they should be. We have taken our stand on British preference. We will not depart from that. It is and shall remain part of our fiscal policy. But I can conceive of a wide field for reciprocity. That is a goal we can attain.*

As to the tariff, the Premier admitted that it was not satisfactory, and added that his desire was to meet the views of Western farmers, but progress must be steady, not revolutionary.†

Moose Jaw is a city of 10,000 inhabitants on the main line of the Canadian Pacific Railway, about midway between Calgary and Winnipeg. Sir Wilfrid Laurier was there on August 5. Mr. Henry Dorrell, president of the Saskatchewan Agricultural Society, stated the case of the grain growers for lower duties on agricultural implements and in all the other schedules of the tariff of 1907.

Free trade in agricultural implements, said Mr. Dorrell, was a live subject with the new settlers, who, coming chiefly from Britain and the western states, countries in which free trade and low tariff opinions predominate, compared prices, and asked why they were higher than in the land they left. Transportation charges did not account for it. To the farmer agricultural implements constitute from 20 to 30 per cent.

* *Globe*, Toronto, Aug. 5, 1910.

† *Sun*, Toronto, Aug. 10, 1910.

in the cost of the production of wheat. This was to him raw material just as much as manufactured parts were to manufacturers. Why, it was asked, should the manufacturer get his raw material at a low rate of duty to sell in a protected market, when the farmer paid duty on his material to sell in an open market? * Mr. Dorrell maintained that further time was not required in order to make a change. Where a wrong was to be righted there was no time to lose.

Said Sir Wilfrid, in reply :

Mr. Dorrell has stated to me that he is an English Liberal.† I am also an English Liberal. Mr. Dorrell is an Englishman by birth and I am of French descent, but I do not remember the time when, young as I was, I did not proclaim myself a Liberal of the English school.

With regard to the reform of the tariff. If I understood Mr. Dorrell aright, he stated that if it was possible it should be done away with immediately and without any considerable amount of trouble. Now, let us see how that would work. If by legislation you put a tax upon the people it will increase the price of commodities, and if there is a merchant, a strong free trader, who by the result of this legislation had \$1,000 worth of stock on his shelf and his fortune increases at the rate of the goods in one night simply by the work of legislation, that merchant will stay a strong

* "The tariff situation is, or should be, known beforehand to all who come West to take up land. They enter upon their work with their eyes open, and one seldom, if ever, hears of a man who turns back dissatisfied."—Mr. John Hendry, President (1909-1910) C.M.A., Annual Convention, Vancouver, Sept. 20, 1910—*Industrial Canada*, Oct., 1910.

† "The deputations which interviewed Sir Wilfrid were headed in every case by Canadians of the Old Country, and Americans were hardly in evidence at all."—*Free Press*, Winnipeg, Sept. 7, 1910.

"There is absolutely no ground for the statement that the Western movement is being engineered by outsiders. Almost all of those prominent in the Western farm organisations—the Mackenzies, the Scallions, the Bowers and the Partridges—are old Ontario men."—*Ed. Sun*, Toronto, Oct. 19, 1910.

"There is not the slightest doubt that the free trade germ has been started, and it is growing, and as we are looking for our immigration from the Old Country to a great extent, the free trader from the Old Country will be coming over here, and the free trade germ will grow more rapidly."—Mr. H. G. Waddie, of Hamilton, Ontario, at Convention of C.M.A., Vancouver, Sept. 20, 1910—*Industrial Canada*, Oct. 1910.

free trader. If legislation had been given and increases the price of a man's goods 20 per cent., he may have a hundred thousand dollars in the bank, and if the prices increase 20 per cent. he will squeal, and that is why I say all tariff legislation should be gradual; and taking the history of Great Britain in this respect, it will show by the works of the country itself that tariff legislation must be proceeded with carefully. It is easy enough to impose an abuse on the people, it is not always so easy to do away with it. And that is the history of the English country as I have read it. My friend, a minute ago, referred to the abolition of the Church in Ireland. It took years and years to abolish it, and when they did abolish it they took very careful measures.*

At Moose Jaw there was also an address from the Liberal Association.

As to the fiscal system, said Sir Wilfrid Laurier in reply, Bright and Cobden were his models. "But we cannot to-day," he continued, "give you the full policy of Britain. The Motherland is a nation made. Canada is a nation in making. But we can give you trade. We have given you free trade, and mean to give you free trade, and I don't think it is going too far to say that the Government will give still freer trade." †

Support for the grain growers' movement against the tariff was also forthcoming at Moose Jaw from the Associated Boards of Trade—Chambers of Commerce as they would be called in England—of the West.

The remarkable Western sentiment in favour of tariff reduction heretofore pressed upon Sir Wilfrid Laurier by the farmers and grain growers—wrote the correspondent of the *Globe*, who was travelling with the Premier, from Moose Jaw, August 5—found unexpected endorsement here to-day. Following a mass meeting in the afternoon a delegation representing the Associated Boards of Trade of the West waited upon the Premier, and President Saunders, manager of the Bank of Commerce, presented an address urging substantial Government assistance to the Canadian Exhibition in

* *Grain Growers' Guide*, Aug. 17, 1910.

† *Globe*, Toronto, Aug. 6, 1910.

the West, towards which \$2,500,000 has already been raised. X
The deputation which represented the Boards of Trade of Calgary, Saskatoon, Lethbridge, Winnipeg, Brandon, Prince Albert, Regina and Moose Jaw, consisted in the main of bankers, business men and manufacturers. Interviewed by a representative as to whether the free trade propaganda advocated by the grain growers was endorsed generally by the commercial West, the President replied emphatically in the affirmative.

Asked as to whether the Western manufacturers, of whom several were represented, were in sympathy with the movement for tariff reduction, an equally unequivocal answer was given. "We absolutely exclude party politics from our organisation," was his statement, "but there is a general and strong sentiment in favour of a material reduction in the tariff. While we are leaving the grain growers to present their own case, the sympathy of the Boards of Trade, the business men, and even the manufacturers, is unquestionably with them. As a matter of fact, there are no party politics in the West, as we know them in the East, no hidebound allegiance to political names. The West is more concerned over policy than party, and the dominant policy at the present time is tariff reduction. Unquestionably the Premier has struck a responsive note in his references to the British free trade policy." *

Similar testimony as to the strength of the revolt against the tariff in the West was given by Mr. Walter Scott, Premier of Saskatchewan, in an interview published in the *Globe* of Toronto on September 26.

"Those who belittle the growing and dominant sentiment in the Canadian West towards free trade," said Mr. Scott, "do not understand and know their country. They are, at any rate, totally out of touch with the great producing prairies. I have been amazed at some of the recent comment in England, apparently made for the benefit of the Tariff Reform propaganda there, seeking to cast doubt upon the reported sentiment of the West in favour of pronounced fiscal progress. The sentiment always existed in the West, but it is now becoming stronger and increasingly insistent. The old feeling has become so intensified that Western Conserva-

* *Globe*, Toronto, Aug. 6, 1910.

tive papers have realised its political potency and are now joining in the cry for some action. Throughout our province even the Tory press is talking free trade for Western farmers." "The West," Mr. Scott continued, "heartily supports the British preference in our tariff. It would be prepared to increase it, for it is deemed to be in line with trade progress. But the suggestion that Canada should importune the Motherland to change her fiscal policy one iota is absurd. The free trade policy of Britain is the ideal of the growing sentiment in our country. It is recognised that it cannot be adopted in a day, but the call of the West is for material progress in that direction. As for the intimation that unless Britain gave Canada some reciprocal trade arrangement there was danger of the estrangement of the Dominion, Sir Wilfrid rightly characterised it as an insult to the whole Canadian people."

Further testimony to the strength of the movement in Saskatchewan was given by Mr. F. W. G. Haultain, leader of the Conservative Opposition in the Legislature at Regina, in an interview in Toronto.

"What is the feeling in Saskatchewan with regard to a lowering of the tariff?" he was asked.

"The feeling is strong," Mr. Haultain replied. "The population is largely agricultural, and naturally it would like to get things, particularly agricultural implements, as cheaply as possible." *

Lloydminster, which will be recalled in England as the headquarters of the Barr colony of 1902, was reached by Sir Wilfrid Laurier on August 8. The town is just east of the Alberta boundary line, and had in 1910 a population of 1,000. A deputation from the local branches of the organised farmers of Alberta and Saskatchewan was in attendance with a memorial against the tariff of 1907.

We ask as a general move towards free trade (it read) that a general reduction of the tariff be made, more particularly on woollen and cotton goods, also that the duty be immediately removed from all farm implements and tools.

* Toronto dispatch to *Witness*, Montreal, Oct. 3, 1910.

Further, that steps be taken to arrange with the United States for reciprocity in farm implements in accordance with the offer made by them.*

Sir Wilfrid Laurier's reply, as published in the *Lloydminster Times* of August 11, was as follows :

He had been asked to mention the matter of reciprocity with the United States. The United States has made us an offer of reciprocity. He was an admirer of the American people. They are a very great people, and very cute. They never forget No. 1. He might tell them that he was as cute as the Americans, and he would not forget No. 1. For his part, he was prepared to take their offer, and he knew that the Canadian manufacturer of implements was also prepared to have reciprocity if proper terms could be arranged. If the Canadian manufacturer could go into the United States on the same footing as the United States manufacturer can come into Canada, reciprocity would be an easy matter. But how would it work? The machine complete, or parts of the machine, come here at 17½ cents; the farmer bought the machine, he bought a plough or a binder, or something of the kind; if they took the offer that had been made what would happen? The American manufacturer said, "If you buy this machine from the Canadian it will come in free, but if you break a wheel or if you break a coulter of a plough, and you send to Canada for it, you will have to pay 45 per cent. American duty." Would that be fair? If the American offered reciprocity upon the machine complete and upon the parts, the Government of Canada was ready to meet him. Would it not be fair to have reciprocity upon something which the American bought from the Canadian? They should have it on wheat, barley, oats, butter, and cheese—this offer had been open for twenty years—and upon coal, fish, bread, and all things which Canada produced, but they (the Americans) have always refused it. He would say to the American, "If you are ready to give and take we are ready to meet you." Years ago, when he—the speaker—came into office in 1896, he sent representatives to Washington to offer reciprocity to the Americans. They were received politely, but that was all. He then said, "Good-bye; you will never see us here again." No more pilgrimages to Washington. If the American wanted to see us, he would have to come to Ottawa. And what was the consequence?

* *Grain Growers' Guide*, Aug. 24, 1910.

They had had a pilgrimage of the Americans to Ottawa, and now they had this offer of reciprocity. When the American was willing to treat with reciprocity as a mutual thing, when he was prepared to let in parts on the same terms as the complete machine, when he was prepared to let in Canadian produce on the same terms as Canada is prepared to let in American produce—"upon these terms," concluded Sir Wilfrid, "I am prepared to treat with him."

Lloydminster was the last town in Saskatchewan at which Sir Wilfrid Laurier made a stop. The same day—August 8—he crossed the boundary line, and entered the Province of Alberta. His first stop in Alberta was at Vegreville, a town on the Vermilion River, 72 miles east of Edmonton. The local unions of the United Farmers of Alberta at Vegreville presented a memorial in which they declared that "they suffered under the bondage of protection," and insisted that "the tariff operated for private gain and not for public good." They urged "an immediate reduction of the tariff all round," as "a good move towards our ultimate goal of free trade."*

Edmonton was the first city in Alberta at which the Premier stopped. He was there on August 9, and received deputations from the United Farmers of Alberta and also from the Edmonton Liberal Association. The memorial from the Liberal Association was as follows :

The Liberal Association of the City of Edmonton desires through its Executive to express to you satisfaction at the fact that since the Liberal party has taken charge of Canadian public affairs very substantial reductions have been made in the tariff, and also that a number of articles have been placed upon the free list. We also wish to express our satisfaction at your statements during your present trip that personally you are a free trader, as we firmly and emphatically believe that freedom of trade is the only fiscal policy that will promote sound commercial progress in Canada. While we recognise the difficulties encountered by a Govern-

* *Globe*, Toronto, Aug. 9, 1910.

ment when it attempts to eradicate the selfish interests of protection, still, we believe that the time is ripe now for the Liberal Government of Canada to make a decisive move toward a further reduction of the tariff. Believing in the principles of free trade, as the leaders of the Liberal party do, no better and no more appropriate evidence could be given of it, at the present time, than by the placing of agricultural implements upon the free list. Free trade in agricultural implements would be a boon to the citizens of a country where agriculture is its chief industry and chief source of wealth. We also urge substantial reductions in the duty upon woollen goods, farm vehicles, sugar, cotton goods, and many of the other necessities of life. We would also urge that your Government make every possible legitimate effort to meet the Government of the United States in any reasonable reciprocity arrangement by which freer trade would be stimulated between these two great countries, and in the event of the failure of such negotiations we would urge the Liberal Government of Canada to bear in mind that the most effective way to fight hostile tariffs is with free imports. In making these representations we wish to express our pride and satisfaction with the record and the history of the Liberal Government in Canada, and to express the confidence and belief that in further reductions of the tariff such as we request, Liberalism will be made a stronger and more vital force in the development of our great country.”*

“I believe in free trade as firmly as I ever did,” said Sir Wilfrid Laurier in reply.

“It is,” he continued, “no fault of mine that free trade principles, in which I believe, have not been carried into practice. I must ask you to believe that it is not an easy thing to carry into immediate effect; but, nevertheless, we have followed the practice of gradually reducing the tariff.”†

Red Deer is a divisional point on the Canadian Pacific Railway, with a population of a little over 2,000. It is 95 miles north of Calgary and 98 miles south of Edmonton, in the heart of the wooded district on the Red Deer River—in every way one of the most attractive towns in Alberta. The United

* *Sun*, Toronto, Sept. 14, 1910.

† *Globe*, Toronto, Aug. 10, 1910.

Farmers of Alberta were represented at the interview with Sir Wilfrid Laurier on August 10 by Mr. James Bower, president, and Mr. James Speakman, a director of the central organisation of the farmers of the province. Both these gentlemen made addresses on the tariff.

We have here, said Mr. Bower, the foundation of a great nation, and we have here the God-given heritage of a glorious country into which the foundation stock has been transplanted, and which, if properly matured, will astonish the world in its development and growth. We submit, sir, that a great weight of responsibility rests upon our statesmen, upon whom devolves the making of our laws which have for their object the governing and protection of these people.

And we submit, sir, that it is the duty of our Government to protect these people, not by unjust tariff laws, but by the removal of these, and by the removal of monopolistic conditions which have grown up here in this Western country, fostered and protected as they are by the use of some laws that are unjust in themselves and by the abuse of other laws that are not strong enough to keep in check the encroachment of those corporations which seem to look on the farmer as their lawful prey, and continue to filch from the producers that which by right should be theirs.

Those whom we represent here to-day are quite willing to give honour where honour is due, to give tribute where tribute is due, but in all things they are democratic to the core. These subjects which we wish more fully to bring to your attention are serious ones to us, and we hope they will be taken seriously by those to whom has been entrusted the framing of our laws. In bringing these things before your notice we are not asking for anything that is unreasonable. Unlike the manufacturing and corporation interests, we are not asking for the alienation of the public funds for the benefit of the farmers alone.

We ask that the Government give us their protection, not by the round-about methods of bonuses and protective tariff, to which principle we are utterly opposed, but protection from the spoliation of the spoiler and by the inauguration of the different systems and the legislation which we ask for. We repeat that we are not asking something for nothing, we

want to pay our way, we want the cost of these different systems to be charged up against the people using them, putting no burden on those whom they do not directly benefit.

We are hopeful, sir, that now, having travelled over the greater part of the Prairie West and studied the conditions here for yourself, you will be pleased to consider our requests and to consider that they are presented to you by those who represent the true source of our national prosperity—the agricultural class.

And, having done so, and having given us some intimation of your conclusions to cheer us in our work, we will then bid you God-speed, and earnestly pray that many years may be added to your busy life to still take part in a true statesman-like way in the government of our country.

The resolution submitted to Sir Wilfrid Laurier by the deputation had been adopted by the executive committee of the United Farmers of Alberta in July. It was as follows :

“Having suffered for many years under the bondage of a protective tariff which has been maintained by the Government and is but the levying of tribute upon the people, not for the legitimate expenses of the Government, but for a private and privileged class, and is a principle which should be condemned without qualification, and as in its practical operation the present Canadian tariff works unfairly in favour of the manufacturing industries and to the prejudice of the agricultural industries,

“We therefore ask as a general move towards freer trade that a general reduction of the tariff be made, more particularly on woollen and cotton goods, also that the duty be immediately removed from all farm implements and tools; further, that steps be taken to arrange with the United States Government for reciprocity in farm implements in accordance with the offer made by them.”

We do not think it necessary, said Mr. Speakman, who went into details in regard to the tariff,

to comment on the first sentences in this resolution, condemning in general terms the protective system. John Stuart Mill, in a letter, dated Jan. 10, 1871, to the New York Liberal Club, very clearly defined the system: “I hold,” he wrote,

"every form of what is called protection to be an employment of the powers of government to tax the many with the intention of promoting the pecuniary gains of a few. . . . Whatever gain there is, is made by the few and them alone, for the labouring people employed in the protected branches of industry are not benefited. . . . The gain by protection, when there is gain, is for the employers alone." We are under the impression that you agree with us in condemning such a system, and the only question between us is whether we could not move more rapidly in the direction of diminishing and ultimately abolishing the element of protection in our tariff.

In 1895 the average duty collected on dutiable imports was 30.55 per cent.; calculated on the total imports it was 17.7 per cent. In 1900 the average duties were 27.7 per cent. and 16.7 per cent. In 1909 we find 27.45 per cent. and 16.6 per cent. Since 1895, therefore, the average duty on dutiable imports has fallen 3.1 per cent. and calculated on the total imports only 1 per cent. During the last ten years there has practically been no reduction. In 1895 the proportion of dutiable imports to free imports was 58 per cent. to 42 per cent. In 1909 the proportion was 60.8 per cent. to 39.2 per cent. We are now paying taxes on a larger proportion of our imports than fifteen years ago; in this respect the tariff seems to have progressed backwards. In view of these facts we think our request for an immediate reduction in our tariff not unreasonable. We must frankly say that during the election of 1896 our chief hope was that we should pass gradually from protection to free trade. We think it is time to take a very decided step in this direction, and from our knowledge of our province we can confidently assert that such a step would be welcomed with enthusiasm by the overwhelming majority of our people.

One splendid movement in our tariff arrangements, we heartily acknowledge, has been initiated—the British preference. It was a grand and courageous idea, worthy of a great statesman, but somehow in carrying out the idea there seems to have been a flaw somewhere. In 1909 we imported from Great Britain—

Dutiable goods ...	...	\$52,219,881
Free goods ...	...	18,462,220
Total ...		<hr/> \$70,682,101 <hr/>

From the United States—

Dutiable goods	\$90,584,507
Free goods	79,471,671

Total	<u>\$170,056,178</u>
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The average duty on British dutiable goods was 25.755 per cent. The average duty on American dutiable goods was 24.868 per cent. The average duty on total imports was: British, 19.028; American, 13.247.

So that while Great Britain is supposed to have the preference, America in every way appears to have the advantage. There is another way of estimating the movement of the tariff in its bearing upon the people. In 1895 the duties collected amounted to \$17,887,269, being, with a population of about 5,000,000 people, a tax per capita of \$3.55, say, per family of \$17.55. In 1909 the duties were \$48,059,792, making with 7,000,000 people a tax per capita of \$6.85, or per family of \$34.25. This, of course, does not give the full measure of the tariff burden. It is a commonplace of economics that a protective duty raises the price of the protected goods about to the extent of the duty. Further the middlemen, wholesale and retail, rightly add their profit, not only to the value of the goods, but to the duty, so that, for instance, the duty on our woollen clothing, as we have to pay it here, amounts to nearer 50 per cent. than 30 per cent. A careful and detailed calculation has led me to the estimate that for every dollar duty going into revenue about three dollars are taken out of the pocket of the people, a burden, per capita, of \$20, or per family of \$100. It is an enormous burden, and the most intolerable aspect of it is that the tariff, taxing so heavily the absolute necessities of life, such, for instance, as clothing and footwear, is so unjust in its incidence; it falls the heaviest on the poorest.

One clause in our resolution states that our tariff in its operation works unfairly in favour of the manufacturing industries and to the prejudice of the agricultural industry. No doubt the Minister of Finance has honestly tried to make his tariff fair to all classes, but the forces of nature have been too strong for him, and the tariff in its actual working gives nearly all the benefits to the manufacturing industries, and leaves the agricultural industry little but the burden. We have not the detailed figures at hand for the last five years to prove this point, as the Canadian Year Book for the

last five years does not publish the necessary data. But the figures for 1904 will clearly bring out our point. Of the \$136,796,068 dutiable imports in 1904, scarcely \$3,000,000 could be counted as farm products, coming in competition with our farms, not because our tariff on farm produce is prohibitive, but because it is useless, as prices in America are generally higher than in Canada. But on manufactured goods the tariff is very much alive, and we farmers have to pay the duty and the enhanced prices.

Further, in 1904, our free imports, after deducting bullion, settlers' effects and Government stores, amounted to, say \$85,000,000. Of these barely \$4,000,000 for tea, coffee, etc., are for the direct benefit of the consumer. The remaining \$81,000,000 may be classed as raw material or other goods to help the various industries. \$74,000,000 go to help the manufacturing and mining industries, and only about \$7,000,000 go to help the farming industry.

I think our point in regard to the unfair incidence of the tariff is clearly proved, and justifies our demand that the first step towards equalising things should be taken by at once putting our agricultural machinery and tools on the free list. On so large and important a subject it is difficult to say what should be said in a few words. But we hope we have put before you in a fair way a reasonable request which merits consideration. We are asking for no favours. We do not want protection for our own goods. We think we are able to stand on our own feet, to earn our own living by the strength of our own hands and brains without taxing the nation for our support.

The reduction of the tariff will be a benefit not to the agricultural industry exclusively, but to the whole nation.*

The Premier's reply to these two addresses was made at a public meeting in Red Deer the next day, August 11.

He had, he said, spent the previous night in studying these pleas for free trade, and he regretted one sentiment that was expressed in the addresses. To one point in the paper dealing with the tariff he wished to refer. It was there stated that there was a struggle between the farmers and the manufacturers. There was no necessity for such a struggle, and he did not believe that there was one. The farmers

* *Grain Growers' Guide*, Aug. 24, 1910.

needed the manufacturers, and the latter needed the farmers.*

There is, continued the Premier, an unfortunate tendency to create an invidious difference between manufacturers and farmers as classes. Our fiscal policy, in a word, is this: "No protection for certain classes at the expense of others." We do not tax for protection, but for revenue purposes. It is not our policy to have a continuous tinkering with the tariff. It creates a state of uncertainty and stifles enterprise. We held tariff revisions in 1897 and 1907, and we will have another in due time, when I hope we may—I expect we will—witness further reductions in the tariff.†

The tariff which his Government prepared in 1897, continued the Premier, in recalling the fiscal policy of the Liberal Government, had been prepared to benefit all of Canada. It might be said of the Tory tariff in 1879 that it was designed to benefit a particular class, but the tariff of 1897 was not of that character, and the people had prospered under it. He himself was a follower of the great English Liberals, but there was a difference between England and Canada. In England it was possible to impose direct taxation. In Canada, a new country, it was necessary to continue to secure the money for the purposes of the country by customs duties. Sir Wilfrid next recalled on how many classes of goods the tariff had been reduced since his Government came into power, and explained that the British preference controlled the prices of goods sold in Canada from Germany and other countries. The manufacturers of all these countries must, he said, meet the prices of the English manufacturers to whom the preference was given. There was thus a general reduction in prices. There would be no tinkering with the tariff. The Tories had made changes every year when they were in control. The Liberal Government would not do this. There would be a general consideration of the tariff in the future at the appointed time. Nothing would be done until then, but at that time there would be reductions.‡

Your farmers who met me yesterday, said the Premier, in regard to the plea for better trade relations with the United States, urged reciprocity with our United States neighbours. Our American friends have been refusing the suggestion of reciprocity for fifty years. So I have said, "Good-bye,

* *Grain Growers' Guide*, Aug. 24, 1910.

† *Globe*, Toronto, Aug. 11, 1910.

‡ *Grain Growers' Guide*, Aug. 24, 1910.

Washington." We will make no more pilgrimages. We will be independent, and try to build up trade for ourselves, and the next pilgrimage came from Washington to Ottawa. We are prepared to meet our American neighbours, on their solicitation, and see how far we can agree, on two conditions—first, foremost, and all the time, the British preference; and, second, protection to vested interests. I am an admirer of the American people; they stand up for number one. I am of the opinion that we can adopt something of that number one doctrine. That is where we stand on the tariff question. We have given a fair measure of freer trade, and we are ready to further extend it when the conditions require it for the common good of our common country.*

From Alberta Sir Wilfrid Laurier went on to the Pacific coast, where he spoke at Vancouver, Victoria, New Westminster and Rupert. His only speech on the tariff was at Vancouver, and was in reference to the plea of the lumbermen of British Columbia for more protection than is afforded them by the tariff of 1907.

I have, the Premier said at Vancouver, Aug. 16, just left a section of the West in which they all appear to want free trade. You want a little more protection, and on the prairies they want a little freer trade. I'll have to refer this matter to the Minister of Finance, and I have no doubt but that in due time he will evolve a scheme that will satisfy your desire for a little more protection and the prairies' desire for a little more free trade. That should be satisfactory to both sides.†

On the homeward journey Sir Wilfrid Laurier spoke on the tariff and on reciprocity at Nelson, British Columbia, and Lethbridge, Alberta.

At Nelson (August 29) the Premier's address was at a public meeting called by the local Liberal Association.

The fiscal question, he said, is not an easy problem. When I was in the prairie provinces I met a population of producers of natural products, and they were anxious for freedom of trade. As soon as I landed at Vancouver I

* *Globe*, Toronto, Aug. 12, 1910.

† *World*, Vancouver, Aug. 6, 1910.

received an address from the Mayor and Board of Trade in which they asked for protection. They asked free trade at one end, protection at the other. I said, Very well, gentlemen, I will refer your petition and the petitions of the prairies to my friend, Mr. Fielding, and I hope he will be able to draw from them, as he did before, a tariff suitable to everyone. There is an old saying that the proof of the pudding is the eating, and I am sure that even my Conservative friends who are present will be fair enough to admit that we have put on the table for them and for all the people of Canada a pudding which has been fruitful, and which has given us the best food we have had since confederation.

There is no doubt our tariff has been the best tariff ever devised, but this tariff is not perfect. Let me call your attention to this, that the cardinal feature of the tariff adopted in 1897 was the British preference. On April 23, 1897, we determined to give to the products of Great Britain a preference of $12\frac{1}{2}$ per cent., which was increased two years afterwards to 25 per cent., and subsequently increased to $33\frac{1}{3}$ per cent.* Now this has been a regulator of prices of all goods introduced into Canada which had to pay duty, even though they came from Germany, the United States, or any other portion of the earth, for in order that they might come into circulation and be used by consumers, their prices had to be brought down to the prices of the British article. It has been a regulator of profits. Let me say also that it is a cardinal and standing feature of the Canadian tariff, and as long as we are in office it shall remain there.

It was not adopted without much effort and thought. We had a most determined opposition from his Majesty's Opposition of the Conservative party. They opposed it for two reasons. First they said that such a reduction would kill our manufactures. Well, they could not maintain that position very long because the manufactures were not killed, the factory chimneys did not tumble down. On the contrary, more were built. And they could not be consistent and honest, or even politic, by maintaining such an argument. The second objection they raised was that it was not right for us to give a preference to Great Britain unless we received a preference in return. The British policy is a policy of free trade, therefore it was not possible for them to give us a preference without changing altogether their fiscal policy.

* For curtailments of the British preference in 1904 and 1907, see "Sixty Years of Protection in Canada," pp. 397, 464.

Whatever may be the policy of the Conservative party it is not the policy of this Government to ask the British people to change their policy. We claim the right to make our own tariff to suit our own needs and interests, and the right we claim I think ought to be given to the British people as well.

We intend to maintain our policy of preference to Great Britain, leaving it to the British people themselves to give us a preference or not to give it according as it may suit their interests to give or withhold it. I have been told that unless there is a mutual agreement between Great Britain and Canada on matters of tariff the British connection will be in jeopardy. What an insult to the Canadian people! Our loyalty does not depend on any tariff agreement, our loyalty is deep rooted in the heart. But there is another country with which we should have better arrangements and a better trade policy. A country of ninety million people, which is at our door, a country of kindred blood and kindred race, and with which we can certainly have most valuable and profitable trade. I have often said, and it is my opinion still, that the relations existing between Canada and Great Britain and the United States are not worthy of such great nations as they are. But I hasten to say also that if the commercial relations between Canada and the United States are not on a better footing, it is not the fault of Canada, but of the United States. It was our policy to have a treaty of reciprocity with the United States, and indeed, in 1896, shortly after we had taken office, I sent two of my colleagues, Sir Louis Davies and Sir Richard Cartwright, to interview the American Government and discuss with them whether it was possible to improve our trade relations. We were received politely, but with a cold shoulder, and from that moment I said good-bye to Washington. I determined that there should be no more pilgrimages to Washington; that if there were to be any more pilgrimages they should be from Washington to Canada.

We have not since that time sent a delegation to Washington, but it so happened that a delegation came from Washington to Ottawa. I understand that it is possible that we shall have overtures for reciprocity with the United States. Such overtures we are at all times prepared to meet. I am always a great admirer of the American people. They have a great many splendid qualities, and they have one quality which is perhaps more prominent than any

other one. It is that they always stand for number one; and for my part I think it would be well for us to take a leaf from their book, and if we are to have negotiations for reciprocity we also should stand for number one. But, sir, I can see that there are many things concerning which we might have better relations with the United States. Something, however, has to be kept in mind. First, we have to keep in mind the British preference. Nothing is to interfere with that. Then we have trade relations with other nations in the world. We have our treaty with France, with Japan, and we have to take care that the new concessions of trade given to those nations shall not be interfered with. And everyone knows who knows anything of these questions that there are a number of articles in which we can trade with the United States without interfering with our trade in Great Britain. We must remember also that the United States are far in advance of us in regard to other articles, and we have to take care that no treaty we negotiate shall put in jeopardy any existing interest. With these two exceptions I think it would be well to try and improve our relations with our neighbours. But, sir, a strange thing has taken place. I hear already echoes which come to me in this far part of the country from the Conservative press in Toronto and elsewhere, that objection is taken already to negotiating any treaty with the United States on the ground that it will interfere with and put in jeopardy our trade relations with Great Britain.

What more absurd position could be taken? If there be any way whereby we could improve our trade relations with Great Britain it is by having a friendlier relation with the United States. The more we are on friendly terms with the American people, the more satisfactory will be our relations with Great Britain, because Great Britain has no better customer than the United States and the United States has no better customer than Great Britain, and the relations are mutually beneficial; and if we were lucky enough we should do Great Britain a benefit by securing a fair commercial treaty with the United States. But it is characteristic of the Conservative party that whenever a step forward is made by Canada it is opposed by them on the ground that it is going to jeopardise the relation of Canada to Great Britain. The old reformers—there may be some, not many, in this audience—will remember the old struggle that took place in Ontario and Quebec for responsible government.

They remember also the efforts made at the time the reformers Baldwin, Lafontaine and William Lyon Mackenzie were opposed by the Tory party because they said it would injure the British connection. But, sir, responsible government, instead of jeopardising the British connection, has been the means of making it dearer if possible to the Canadian people. Now, we are told that if we improve our relations with the United States we shall endanger the British connection. And only last winter, hardly four months ago, we were told that if we would build a Canadian navy we would also injure the British connection. There has never been a step taken by the Canadian people in the course of their advancement as a nation but it was opposed by the Conservative party on the ground that it would injure the British connection.*

At Lethbridge (Sept. 1) the United Farmers continued the movement that had been begun when Sir Wilfrid Laurier was travelling westward through the province to the coast. A memorial was presented by Mr. J. Quinsey, of the Wheatland Union, and also a director of the central organisation of the farmers of Alberta.

It stated that while the resolutions accompanying the address were the same as presented at other places in Alberta, they did not emanate from one or two agitators, as had been said, but were the heartfelt beliefs of every member of their organisation. They were presented again at Lethbridge for the purpose of showing the Premier that the farmers of the north and south were united upon the question. The address thanked Sir Wilfrid for his courteous reception and the answers he had given the delegations at Red Deer, and reiterated the farmers' desire for a revision of the tariff downward, and for free importation of farm implements.†

* *Daily News*, Nelson, Aug. 30, 1910.

† "The agitation in the West is against the implement trust and kindred organisations that have been flourishing under an unnecessarily high tariff. The implement industry, as everyone knows, has been the Government's chief ally in its work of deforming constitutional administration into a huge system of private exploitation. That industry is no longer in its infancy, and Western farmers feel that they should be relieved of this oppression. It is really remarkable that it has taken the farmers all these years to realise that

The tariff (said the Premier, in reply) was one of those matters which affected all classes and interests. Personally he was a free trader, and wished they could have free trade as they had it in England. But that was impossible. In England, where there were large estates, incomes and land monopoly, they were able to raise their revenue by direct taxation. In Canada they had few millionaires, and, thank God, no land monopoly, so were compelled to raise revenue by means of customs duties. There was room for improvement, he would grant, and it had been the policy of the Liberal party to revise the tariff periodically in order that stability so necessary might be maintained. He favoured a permanent government tariff commission, travelling from place to place and interviewing all classes, so that when the time came to revise again it might be revised in a manner to suit all classes. In conclusion, the Premier explained how impossible it was to make an exception to one class, such as the farmers, and to exempt farm implements without being unfair to other classes.*

Lethbridge is the most important city on the coal-fields of Alberta. It is a divisional point on the Canadian Pacific Railway and the St. Paul, Minneapolis and Sault Ste. Marie railways. It is half-way between Medicine Hat and the Crow's Nest Pass, and 105 miles south-east of Calgary. It has a population of 6,500, and is one of the western cities nearest to the international boundary line. Montana is the neighbouring state. Sir Wilfrid Laurier, while in Lethbridge, addressed a meeting (August 31) of the local Liberal Association, and again discussed the tariff, and reciprocity with the United States, particularly as regards coal, for the mining companies in the Lethbridge district are anxious for reciprocity with the United States in order to extend the market

they have no right to expect fair treatment from a Government that obtained office on free trade promises, and then, as soon as it had got what it wanted, formed a partnership with the implement manufacturers to exploit the farmers to the limit of endurance."—Mr. Robert Rogers, Minister of Public Works in Manitoba, in *The News*, Toronto, Nov. 2, 1910.

* *Daily Herald*, Lethbridge, Sept. 1, 1910.

for the output of their mines in the neighbouring states of Montana and Washington.

One other of the reasons of the development of Lethbridge (he said) is the fact that you have found a market for the coal, which is the chief product of Lethbridge, in Montana on the other side of the line. This is simply an evidence of what would be the advantages of a treaty of reciprocity between the United States and Canada. Well, if we have not better relations between Canada and the United States the fault is not altogether with Canada. Your coal has found a market in Montana in face of a hostile tariff. For my part, I have always been in favour of a larger measure of reciprocity of trade between the two countries, and I have repeated it in Canada, and from the soil of the American Republic, that the commercial relations between Canada and the United States were not of such a character to do honour to such countries as are these two countries. But again, I repeat, if the relations are not more open and friendly the fault is not ours. We had a treaty of reciprocity a few years ago* between Canada and the United States. It was abolished on the ground that it was more prejudicial to Canada than to the United States; but we have always been ready and willing to negotiate a new treaty with our neighbours.

In 1896 one of the first acts of the Canadian Government was to send two of my colleagues to Washington with a view to obtaining ultimately reciprocity in trade. It did not suit the policy of the American Government at that time to extend these trade relations. I have no fault to find with them for that. They know their own wants, and if they won't give us better trade relations, we can live, and not only live, but thrive also. And I said, for my part, there would be no more pilgrimages to Washington, but if any overture was ever to be made for better trade relations between the two countries, the overture would have to come from Washington and not from Ottawa. And from that time there has been no attempt on the part of Ottawa to better the trade relations.

But last winter the tables were turned, and we had a delegation to improve the trade relations come from Washington to Ottawa; and there we said that we might

* Elgin-Marcy Treaty, 1854-1866.

expect this year to better the trade relations with our American cousins.

For my part, I have always been a great admirer of the American people. If there is one quality which I admire above all others in the American character, it is that on all occasions they stand for themselves, or what I might call "No. 1." Well, sir, no fault can be found with this, and for my part it is some years since I tore a leaf from the book of the American, and I stand also for "No. 1." We shall do the best for ourselves. Is it not possible that between two peoples of kindred races as we are, that we can find a common ground on which we can trade for the mutual advantage of both parties?

Strange to say, to show this—I do not know how to characterise it—the strange inconsistency of the Conservative party, so soon as it becomes possible that there would be negotiations between the two countries, the Conservative party began to put up objections. They do not want to have it, and the reason is, "We should be careful of entering into an intrigue with the Americans, because a treaty of commerce between the United States and Canada might endanger the British preference." I ask you, my fellow countrymen—you who have followed British affairs for the past fourteen years—whether there was a Conservative party of Canada, whether it was led by Sir Charles Tupper or by Mr. Borden, in favour of the preference we have given to England. They always opposed it. The very day my friend Mr. Fielding introduced it, on April 23, 1897, Sir Charles Tupper was leader of the party, and they opposed it and said the policy was going to destroy our manufactures. They repeated that for one or two years, and then they had to abandon that cry because the manufactures were not destroyed, the tall chimneys did not topple over, but became stronger, and there were more of them.

They had another cry. It was that it was not patriotic to give a preference to the trade of the Mother Country unless the Mother Country was prepared to give us a preference in their own markets also. You say that it was not patriotic on the part of Canada to give a preference to Great Britain. Why did we give it? First of all, it suited us to do so, and because we wanted to do the best we could to the Old Motherland of which we are proud to be a part. The Conservative party told us that we should bargain with England. "If you will not give us the

preference, we will not give you any." That was the attitude of the party which is always shouting "loyalty." That was the kind of loyalty they had to give. Sir, we here raise our revenue by custom. It is therefore easy for us to decrease the duty by $12\frac{1}{2}$ per cent. or by 25 per cent. But England could not do so. She could not give us a preference unless she altered completely her fiscal policy. She could not give us a preference because her ports are open to the world. Well, sir, whatever we have been, the attitude of the Conservative has never been, and never shall be, the policy of the Liberal party. England is at liberty to do the best for itself, and we claim the liberty to do the best for ourselves in Canada by allowing every part of it to develop itself according to its own interest. Therefore, that is the reason why I say that it is absurd for the Conservative party now to raise any objection to the negotiations with the United States.

We shall take good care, whenever we negotiate with the United States, that the British preference shall not be affected, as we took good care when we negotiated the treaty with France two years ago that the British preference should not be affected, and as we took good care when we negotiated with Germany two months ago that the British preference should not be affected. The British preference is a part of our fiscal policy, and will remain a part of our policy so long as the Laurier Government remains in office.*

Two of the coal mines in the vicinity of Lethbridge were visited by Sir Wilfrid Laurier. There the Premier was told that these mines, which furnish domestic lump and screen coal as distinct from steam coal, the output of the mines at the Crow's Nest Pass, had reached the capacity of the market on the Canadian side of the international line, while the supply of coal in the Lethbridge area was practically unlimited. The mining interests were consequently anxious that there should be free reciprocal trade with the United States.

"The two mines visited, out of seven in the vicinity," wrote the correspondent of the *Globe* (Sept. 2, 1910),

* *Daily Herald*, Lethbridge, Sept. 1, 1910.

"have a capacity of 1,600 tons per eight-hour day, continuously for twenty years. They sell the best domestic commodity at the mines here for \$3.85 per ton, while the price in Winnipeg and Montana, owing to freight and tariff, is \$8. They seek, under a reciprocal removal of the tariff,* to develop the market in Montana and Washington, and, despite its existence, have already secured considerable sale in Spokane and portions of Montana. The mine managers assured the party that the Americans served were likewise agitating for the removal of the tariff, as the United States consumers would benefit in reduced prices, while the Canadians would secure a market for the product.

" 'The difficulty is with the Nova Scotia coalfields,' said Manager Livingstone frankly. 'They desire protection from Pennsylvania and Virginia coal. But why should we suffer to benefit them? We need markets, and the consumers need coal, with cheaper prices. Free trade would develop the Canadian field and reduce the price to the consumers. The greatest good to the greatest number,' he added smiling. 'If it is necessary to protect the industry in Nova Scotia, why not establish a tariff zone?' Free trade, he said, would mean the trebling of the number of men employed, and opening up great fields of coal now dormant for lack of a market."

From this and preceding chapters a realisation is possible, I think, of the extent and the underlying causes of the revolt of 1910 against the New Feudalism. As I view it, the revolt is the most important popular political movement in Canada since the rebellion of 1837. The task that confronts the reformers of 1910 is even greater in some respects than that which confronted the reformers of 1837; for the New Feudalism is enormously better entrenched in its hold on the political institutions of the Dominion than was the Family Compact in its

* The duty on coal in the United States tariff is 45 cents per ton. In the Canadian tariff the duty is 53 cents a ton. It was first imposed in 1870 solely to protect the coal industry of Nova Scotia, and to force the sale of Nova Scotia coal in the provinces of Quebec and Ontario.

hold on the legislature and the government of the old province of Ontario.

To succeed, the revolt of 1910 must not end with only such a revision of the tariff as will ease the seven million consumers of Canada of the burdens of the National Policy. More than this must be secured to make the revolt effective and worth while. The New Feudalism must be severed from its hold on the Government at Ottawa, and the representative institutions of the Dominion must be fully restored to the service of the democracy of Canada. There can be no effective democracy with the New Feudalism in control. Democracy must ultimately win in the great struggle that begins with the revolt of 1910, or the condition of the farmers and of the wage and salary earners of Canada must become infinitely worse and infinitely harder and more insecure than the lot of people under the Old Feudalism as described in the court rolls and manorial records of mediæval England.

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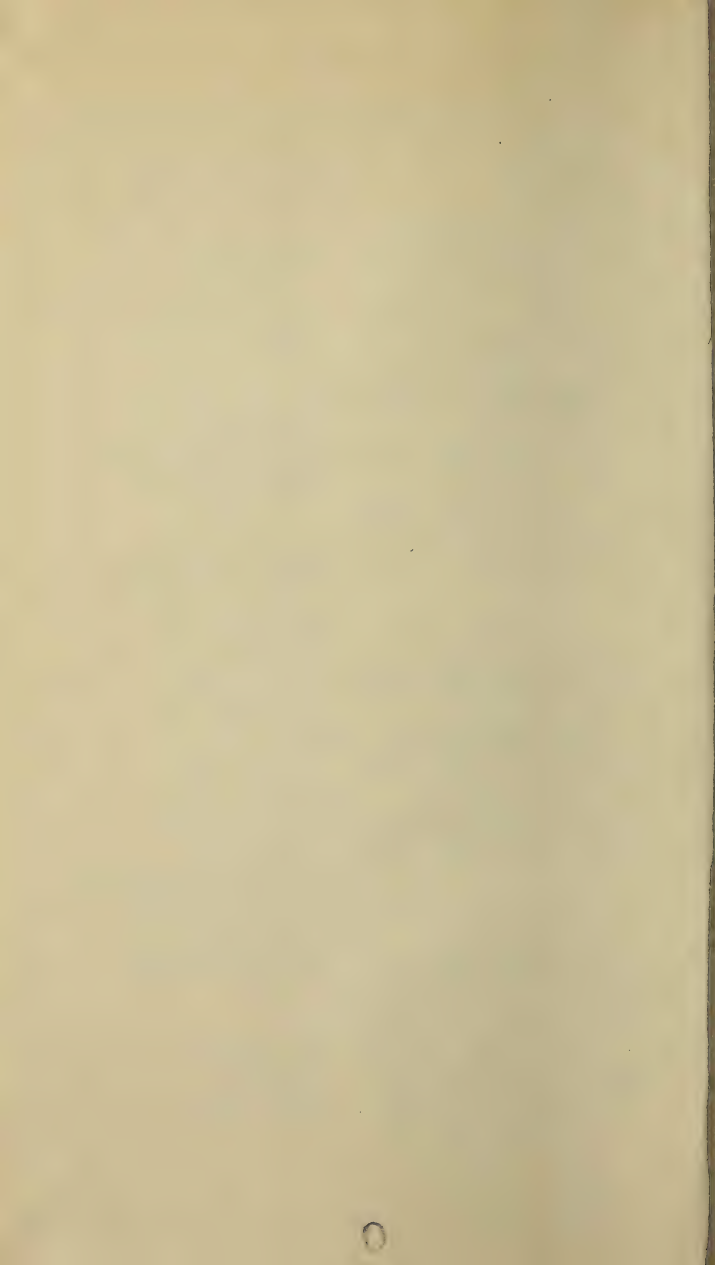
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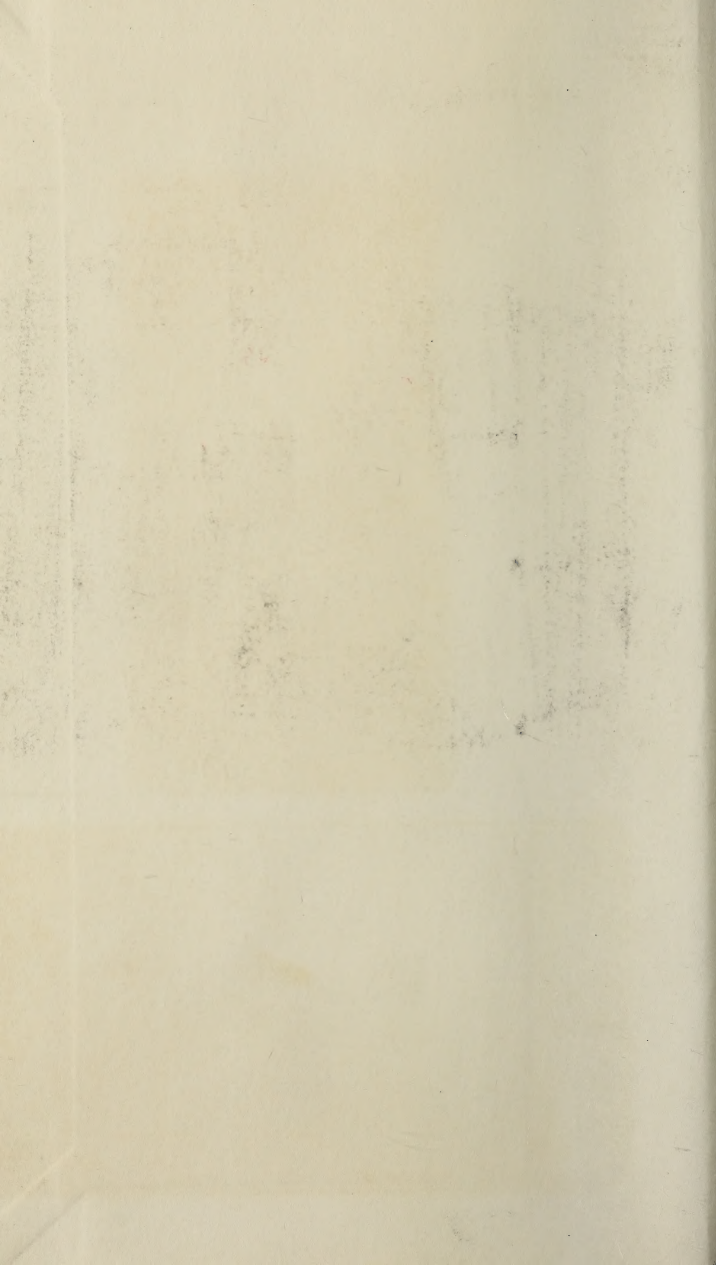
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